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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES

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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR 1987

WEDNESDAY, APRIL 16, 1986.

ACTION

WITNESSES

DONNA M. ALVARADO, DIRECTOR
RICK VENTURA, DEPUTY DIRECTOR
DANIEL BONNER, ASSOCIATE DIRECTOR FOR DOMESTIC AND ANTI-POVERTY OPERATIONS
LOWELL GENEBACH, JR., BUDGET OFFICER

Mr. NATCHER. At this time we take up the budget request for 1987 for ACTION, and we have before the committee Ms. Alvarado, the Director. Before you give your statement, tell us who you have with you at the table.

Ms. ALVARADO. Certainly, Mr. Chairman. I have Mr. Rick Ventura, Deputy Director of ACTION, who will address any issue related to our support budget and general management; Mr. Dan Bonner, who is the Associate Director for Domestic and Anti-Poverty Operations, who can answer specific questions related to programmatic issues. And Mr. Lowell Genebach, our Budget Officer, who is responsible for the details in our budget submission.

Mr. NATCHER. We are delighted to have all of you before the committee.

We are pleased to hear from you at this time.

Ms. ALVARADO. Thank you.

OPENING STATEMENT

Mr. Chairman and Members of the subcommittee, I am pleased to appear before you today to present the President's fiscal year 1987 appropriations request for ACTION. The administration is requesting $149,865,000 for 1987 to fulfill its responsibilities under the Domestic Volunteer Service Act of 1973, as amended.

This appropriation request is $5,083,000 more than the level at which the Agency is operating during fiscal year 1986. The request represents virtually level funding for all programs from the 1986 pre-sequestration appropriations.

Despite the effects in 1986 of the Gramm-Rudman-Hollings Deficit Reduction Act, we are at this time maintaining volunteer levels in both the Older American Volunteer Programs and VISTA. Estimated performance is expected to increase in 1987 in almost every program category.

I would like to share with the subcommittee the accomplishments of our programs over the past year and our plans for 1987.

VOLUNTEERS IN SERVICE TO AMERICA

VISTA, Volunteers in Service to America, ACTION's oldest program, has worked to alleviate poverty in America since 1964 by helping low-income individuals achieve self-sufficiency. VISTA volunteers are assigned to public and private non-profit organizations throughout the United States. In fiscal year 1985, VISTA contributed 2,200 volunteer service years to more than 500 communities. The President's request for 1987 is $17,890 million which will support at least 2,325 volunteer service years.

VISTA volunteers live and work among the poor. More than half the VISTA programs are youth-oriented, addressing problems such as drug abuse, illiteracy, unemployment, hunger, runaways, and child abuse.

Volunteers are also active in neighborhood revitalization, economic development, refugee settlement, shelters for the homeless and food banks.

For example, in Hardin County, Kentucky, two VISTA volunteers are serving in a very successful literacy project, sponsored by the Board of Education, that provides tutoring to functionally illiterate adults. The VISTAs recruit and train community volunteers to be tutors. They also have assisted in organizing a literacy council to carry on the project after the VISTA funding expires.

SERVICE LEARNING AND DEMONSTRATION PROGRAMS

The President's 1987 budget includes $1.368 million for Service Learning Programs and $1.801 million for Voluntary Citizen Participation and Volunteer Demonstration Programs.

The Young Volunteers in ACTION program was developed by ACTION in 1981 as a model for students aged 14 to 22. Volunteers gain leadership skills as they serve in community projects. As of this fiscal year, students have provided more than 1.5 million hours of service in 43 projects.

ACTION's demonstration grants have enabled communities to test and replicate innovative approaches to solving such chronic social problems as drug abuse, unemployment, and the needs of at-risk youth by developing effective volunteer efforts.

OLDER AMERICAN VOLUNTEER PROGRAMS

The administration's 1987 request for all Older American Volunteer Programs is $103.806 million. This represents a $4.464 million increase from the current operating budget.

In fiscal year 1985, hundreds of thousands of retired Americans served their communities through our three Older American Volunteer Programs—the Retired Senior Volunteer, Foster Grandparent and Senior Companion Programs. These programs represent the most innovative, cost-effective and promising means we have of putting the experience of older citizens to work for America.

FOSTER GRANDPARENT PROGRAM

The President has requested $56.1 million for the Foster Grandparent program for 1987. This level will support at least 17,685 volunteers.

Last year, 23,400 Foster Grandparents worked in 249 community-based projects. Another 400 volunteered in 10 non-ACTION funded projects. On a typical day, approximately 62,000 children were served.

The essence of the Foster Grandparent Program is direct, person-to-person relationships with the children served. Rewarding social, psychological, and educational benefits are gained by both the Foster Grandparent and the child. Last year we funded five new projects and expanded 23 existing projects.

SENIOR COMPANION PROGRAM

The President's 1987 budget includes $18.086 million for the Senior Companion Program. This level will support at least 5,445 volunteers.

In fiscal year 1986, an estimated 7,300 Senior Companions in 114 projects, including 900 volunteers in 17 non-ACTION funded projects, will serve some 21,700 persons in the 50 States, the District of Columbia, and Puerto Rico.

The homebound elderly provisions included in the 1984 Amendments to the Senior Companion Program, enabled us to add 10–15 volunteer service years to 17 existing projects, providing a total of 189 volunteer service years. In addition, 19 new projects, ranging from 21 to 65 volunteer service years each, were awarded for an eventual total of 847 volunteer service years.

We awarded $3,039,547 to support 912 new volunteers in 25 States and jurisdictions during the first operational year of the SCP Homebound Elderly effort. The additional Senior Companions eventually will serve some 3,625 older persons. We have also awarded a contract to design and implement a comprehensive evaluation of the five areas specified in the law.

RETIRED SENIOR VOLUNTEER PROGRAM

The President has requested $29.620 million for the Retired Senior Volunteer Program for 1987, which will support at least 383,000 volunteers.

We are expanding RSVP activities in literacy, crime prevention, in-home care, youth counseling, consumer education, and drug abuse projects. In fiscal year 1985, 38,500 RSVP volunteers were involved in home health care activities. By the end of this fiscal year, the number of volunteers involved will increase to more than 48,000. RSVP will become increasingly involved in home health care.

RSVP volunteers also serve as members of support groups to victims of stroke, heart attack, alcohol and drug abuse.

The additional $1.8 million appropriation received in fiscal year 1985 for RSVP created 28 new projects and expanded the activities of 191 existing projects. We expect 18,000 new volunteers to provide service that otherwise would not have existed.

ACTION set aside $100,000 of the expansion funds for a special adult-literacy effort in partnership with Laubach Literacy, B. Dalton Bookseller, Inc., and the National RSVP Project Directors' Association. Laubach has made 23 small literacy incentive awards to RSVP projects for a one-year period begun in October 1985. It is providing technical assistance to all RSVP projets involved in this important area. We are optimistic that this literacy initiative will become a model for future public/private partnerships.

In addition, the President's 1987 budget includes $25 million for Program Administration. To maintain our program levels, as well as develop new initiatives, we are making the absolute best use of existing resources: managing volunteer programs more efficiently; consolidating site visits, recognition and award ceremonies; decentralizing staff and project director training; and reducing staff travel. Such efforts will continue to be developed into fiscal 1987 and beyond. Careful monitoring of ACTION resources will continue. Existing programs will continue to benefit from efficient management and training. ACTION programs will improve as technical assistance to locally financed volunteer projects expands.

ACTION's programs are vital to the many communities they serve. We are continuing to tap the American volunteer spirit that exists in every community and in the hearts of all citizens. ACTION has taken the lead in developing the great resources that citizens offer. We are showing Americans how they can work together, helping them to find solutions to local problems through volunteers.

ACTION is sharing expertise gained over 15 years with individuals and small businesses, with corporations and civic groups, with churches and synagogues, non-profit organizations, Federal, State and local agencies. We will and must continue to take the lead in showing communities throughout the country how they can transform available resources into lasting volunteer programs.

ACTION will continue to carry out the President's mission of developing private sector initiatives. We will improve Federal management by wisely using each tax dollar and making government more responsive to the American public. I look forward to working with the committee to support voluntarism and develop increased support for locally financed volunteer initiatives. Our goal is to hold the line on government spending while making truly effective use of appropriations to support volunteers.

ACTION will continue to find new ways to put the independent spirit of people to work for America. For 15 years, ACTION programs have shown that individual citizens can make a difference—working together to meet any challenge. More than ever, America needs programs that build citizen independence and self-sufficiency—that establish cost-effective, lasting solutions through local voluntarism. America's volunteer spirit is a great treasure. With your help, ACTION will continue our tradition of converting that precious spirit into solutions.

I would ask that my full statement be entered into the record.

Mr. **Natcher**. Thank you.

[The statement of Ms. Alvarado follows:]

BUDGET TESTIMONY
OF
Donna M. Alvarado
Director, ACTION

House Committee on Appropriations
Subcommittee on Labor,Health and Human Services,
Education and Related Agencies
April 16, 1986

Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you today to present the President's FY 1987 appropriations request for ACTION. The Administration is requesting $149,865,000 for 1987 to fulfill its responsibilities under the Domestic Volunteer Service Act of 1973, as amended. These resources will be devoted to fulfilling the Agency's mission of fostering and expanding voluntary citizen service; developing and sustaining standards of excellence in ACTION's programs; encouraging public/private sector partnerships; and stimulating voluntarism in conjunction with other Federal agencies.

This appropriation request is $5,083,000 more than the level at which the Agency is operating during FY 1986. The request represents virtually level funding for all programs from the 1986 pre-sequestration appropriations.

Despite the effects in 1986 of the Gramm-Rudman-Hollings Deficit Reduction Act, we are at this time maintaining volunteer levels in both the Older American Volunteer Program and VISTA. Estimated performance is expected to increase in 1987 in almost every program category.

I would like to share with the Subcommittee the accomplishments of our programs over the past year and our plans for 1987.

VOLUNTEERS IN SERVICE TO AMERICA

VISTA, Volunteers in Service to America, ACTION's oldest program, has worked to alleviate poverty in America since 1964 by helping low-income individuals achieve self-sufficiency. VISTA volunteers are assigned to public and private non-profit organizations throughout the United States. In fiscal year 1985, VISTA contributed 2,200 volunteer service years to more than 500 communities. The President's request for 1987 is $17.890 million and will support at least 2,200 volunteer service years.

VISTA volunteers live and work among the poor. More than half the VISTA programs are youth-oriented, addressing problems such as drug abuse, illiteracy, unemployment, hunger, runaways, and child abuse.

Volunteers are also active in neighborhood revitalization, economic development, refugee settlement, shelters for the homeless and food banks.

For example, in Hardin County, Kentucky, two VISTA volunteers are serving in a very successful literacy project, sponsored by the Board of Education, that provides tutoring to functionally illiterate adults. The VISTAs recruit and train community volunteers to be tutors. They also have assisted in organizing a literacy council to carry on the project after the VISTA funding expires.

SERVICE LEARNING AND DEMONSTRATION PROGRAMS

The President's 1987 budget includes $1.368 million for Service Learning Programs and $1.801 million for Voluntary Citizen Participation and Volunteer Demonstration Programs.

One of ACTION's principal objectives in expanding voluntarism in the U.S. is to develop a greater commitment on the part of American youngsters to our democratic and free society. Every citizen - young and old - should have the opportunity to contribute time and talent to their communities and the nation. ACTION continues to work with business and corporate communities to increase their partnerships with young people.

ACTION's National Center for Service Learning provides training, resources, and technical assistance to high school, college and community organizations that develop service-learning volunteer programs. The Center also provides assistance to existing local volunteer programs.

ACTION also funds efforts by Big Brothers/Big Sisters to widen the scope of their well-established program.

The Young Volunteers in ACTION program was developed by ACTION in 1981 as a model for students aged 14 to 22. Volunteers gain leadership skills as they serve in community projects. As of this fiscal year, students have gained more than 1.5 million hours of service in 43 projects.

ACTION's demonstration grants have enabled communities to test and replicate innovative approaches to solving such chronic social problems as drug abuse, unemployment, and the needs of at-risk youth by developing effective volunteer efforts.

The State Office of Voluntary Citizen Participation program was created in 1974. Since that date, forty-five states and Puerto Rico have received grants to establish offices within the offices of the governors, to support state and local volunteer programs. The offices offer numerous services including technical assistance, training, materials, and conferences. The program is so successful that 27 of the offices are operating independently, while seven currently receive ACTION funding.

OLDER AMERICAN VOLUNTEER PROGRAMS

The Administration's 1987 request for all Older American Volunteer Programs is $103.806 million. This represents a $4.464 million increase from the current operating budget.

In FY 1985, hundreds of thousands of retired Americans served their communities through our three Older American Volunteer Programs -- the Retired Senior Volunteer, Foster Grandparent and Senior Companion Programs. These programs represent the most innovative, cost-effective and promising means we have of putting the experience of older citizens to work for America.

FOSTER GRANDPARENT PROGRAM

The President has requested $56.1 million for the Foster Grandparent program for 1987. This level will support at least 18,775 volunteers.

Since 1965 the Foster Grandparent Program has matched low-income seniors with children who have special or exceptional needs. Foster Grandparent volunteers work in schools for mentally retarded, disturbed, and learning-disabled children; in Head Start Programs; in juvenile detention centers; in boarding schools and foster care homes and in the homes of individual children.

Last year, 23,400 Foster Grandparents worked in 259 community-based projects. Another 400 volunteered in 10 non-ACTION funded projects. On a typical day, approximately 66,000 children were served.

The essence of the Foster Grandparent Program is direct, person-to-person relationships with the children served. Rewarding social, psychological, and educational benefits are gained by both the Foster Grandparent and the child. Last year we funded five new projects and expanded 23 existing projects.

SENIOR COMPANION PROGRAM

The President's 1987 budget includes $18.086 million for the Senior Companion Program. This level will support at least 6,200 volunteers.

In fiscal year 1986, an estimated 6,200 Senior Companions in 112 projects, including 900 volunteers in 16 non-ACTION funded projects, will serve some 24,000 persons in the fifty states, the District of Columbia, and Puerto Rico.

The homebound elderly provisions, included in the 1984 Amendments to the Senior Companion Program, enabled us to add 10 - 15 volunteer service years to 17 existing projects, providing a total of 189 volunteer service years. In addition, 19 new projects, ranging from 21 to 65 volunteer service years each, were awarded for an eventual total of 847 volunteer service years.

We awarded $3,039,547 to support 912 new volunteers in 25 States and jurisdictions during the first operational year of the SCP Homebound Elderly effort. The additional Senior Companions eventually will serve some 3,625 older persons. We have also awarded a contract to design and implement a comprehensive evaluation of the five areas specified in the law.

RETIRED SENIOR VOLUNTEER PROGRAM

The President has requested $29.620 million for the Retired Senior Volunteer Program for 1987, which will support at least 365,000 volunteers./

The Retired Senior Volunteer Program, ACTION's largest program, currently sponsors 365,000 part-time, non-stipended volunteers aged 60 and over. RSVP volunteers contribute to the community in many ways -- serving youth, operating runaway-shelters and emergency food banks, organizing support groups and offering occupational counseling to juvenile offenders. In fiscal year 1985, these dynamic older Americans performed more than 68,000,000 hours of voluntary citizen service.

/We are expanding RSVP activities in literacy, crime prevention, in-home care, youth counseling, consumer education, and drug abuse projects. In fiscal year 1985, 38,500 RSVP volunteers were involved in home health care activities. By the end of this fiscal year, the number of volunteers involved will increase to more than 48,000. RSVP will become increasingly involved in home health care.

RSVP volunteers also serve as members of support groups to victims of stroke, heart attack, alcohol and drug abuse.

The additional $1.8 million appropriation received in Fiscal Year 1985 for RSVP created 28 new projects and expanded the activities of 191 existing projects. We expect 18,000 new volunteers to provide service that otherwise would not have existed.

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In addition, the President's 1987 budget includes $25 million for Program Administration. To maintain our program levels, as well as develop new initiatives, we are making the absolute best use of existing resources: managing volunteer programs more efficiently; consolidating site visits, recognition and award ceremonies; decentralizing staff and project director training; and reducing staff travel. Such efforts will continue to be developed into FY 1987 and beyond. Careful monitoring of ACTION resources will continue. Existing programs will continue to benefit from efficient management and training. ACTION programs will improve as technical assistance to locally financed volunteer projects expands.

ACTION's programs are vital to the many communities they serve. We are continuing to tap the American volunteer spirit that exists in every community and in the hearts of all citizens. ACTION has taken the lead in developing the great resources that citizens offer. We are showing Americans how they can work together, helping them to find solutions to local problems through volunteers. ACTION is sharing expertise gained over 15 years with individuals and small businesses, with corporations and civic groups, with churches and synagogues, non-profit organizations, Federal, state and local agencies. We will and must continue to take the lead in showing communities throughout the country how they can transform available resources into lasting volunteer programs.

ACTION will continue to carry out the President's mission of developing private sector initiatives. We will improve federal management by wisely using each tax dollar and making government more responsive to the American public. I look forward to working with the Committee to support voluntarism and develop increased support for locally financed volunteer initiatives. Our goal is to hold the line on government spending while making truly effective use of appropriations to support volunteers. ACTION will continue to find new ways to put the independent spirit of people to work for America. For fifteen years, ACTION programs have shown that individual citizens can make a difference--working together to meet any challenge. More than ever America needs programs that build citizen independence and self-sufficiency -- that establish cost-effective, lasting solutions through local voluntarism. America's volunteer spirit is a great treasure. With your help, ACTION will continue our tradition of converting that precious spirit into solutions.

ACTION
WASHINGTON, D.C. 20525

BIOGRAPHICAL SKETCH

DONNA M. ALVARADO

DIRECTOR, ACTION

Donna M. Alvarado directs the activities of nearly 400,000 Americans who currently serve as volunteers in the myriad programs of ACTION -- the national volunteer agency.

Alvarado was nominated as ACTION Director in February, 1985, and confirmed April 3, 1985. Most recently, she was named an official U.S. delegate to the 1985 Nairobi World Conference of the United Nations Decade for Women.

As the primary federal volunteer organization, ACTION offers the nation as many opportunities for volunteer service as Americans have needs and interests. Major programs include Foster Grandparent, Senior Companion and Retired Senior Volunteer Programs (RSVP), Volunteers In Service To America (VISTA), the National Center for Service Learning, ACTION's Drug Prevention Program and Young Volunteers in ACTION.

The agency also helps countless other neighborhood volunteer efforts by providing guidance, seed grants and technical assistance.

Since 1983, Alvarado had served as Deputy Assistant Secretary of Defense for Equal Opportunity and Safety Policy in the Office of the Secretary of Defense.

-MORE-

Prior to her appointment at DOD, she was counsel to the U.S. Senate Committee on the Judiciary, Subcommittee on Immigration and Refugee Policy. Alvarado also served as assistant director of the Office of Policy Coordination, Office of the President-elect, and was a research associate for the U.S. Select Commission on Immigration and Refugee Policy.

Alvarado has served on the staff of the U.S. House of Representatives Select Committee on Narcotics Abuse and Control, and she managed education programs for the Department of the Army at Fort Sill, Oklahoma.

Alvarado is a member of the President's Task Force on Legal Equity for Women and has served as executive vice president of the Mexican-American Women's National Association. She is also a member of the Republican National Hispanic Assembly and the American Society for Public Administration. She has been a consultant to the Hispanic Leadership Conference, The National Association of Counties and the National League of Cities.

The daughter of a retired Air Force officer, Alvarado earned her M.A. and B.A. from Ohio State University in 1970 and 1969 respectively, and pursued doctoral studies in Latin American Literature at the University of Oklahoma.

Mr. NATCHER. You have been Director of ACTION for nearly a year now, but this is your first appearance before our committee. Can you tell us briefly about your employment background before joining the agency?

Ms. ALVARADO. Well, I came from one of the largest agencies in government, the Department of Defense, where I served as Deputy Assistant Secretary to Secretary Weinberger in the areas of equal opportunity and safety policy. In that capacity I was responsible for the occupational health and safety issues affecting the Department as well as policy formulation involving equal opportunity issues for the military and civilian personnel. Prior to that I served as counsel to the U.S. Senate Committee on the Judiciary, and have also worked in the areas of immigration and refugee policy, education, and drug abuse prevention.

MANAGEMENT CHANGES

Mr. NATCHER. Ms. Alvarado, have you made, or do you plan to make, any significant organizational or management changes that you can tell us about?

Ms. ALVARADO. Mr. Chairman, when I first came aboard, I took a look at the organizational structure of the agency and have made some changes in terms of our headquarters operations to streamline and consolidate operations for greater efficiency. For example, I consolidated the legislative and public affairs offices into a single operation and put our management and budget issues under a single operation.

In terms of field structure in our regional and our state offices, we are currently looking at the way they are structured. I have no immediate plans for changing that. I would certainly want to take a look at the findings and conclusions to ascertain what would be the most efficient utilization of our resources as our full-time employees decrease and as a result of budgetary constraints.

Mr. NATCHER. Besides yourself, Ms. Alvarado, how many other presidential appointees does ACTION have?

Ms. ALVARADO. Besides myself, there are the Deputy Director, the Associate Director for Domestic Operations, and the Associate Director for the Office of Voluntarism Initiatives.

SES EMPLOYEES

Mr. NATCHFR. How many Senior Executive Service [SES] employees do you have?

Ms. ALVARADO. We have eight SES members at the present time.

Mr. NATCHER. How many SES bonuses were awarded in 1985, and what was the range of awards?

Ms. ALVARADO. I would have to provide that for the record, Mr. Chairman.

Mr. NATCHER. All right.

[The information follows:]

In 1985 there was one SES bonus awarded in the amount of $5,000.

STATE DIRECTORS

Mr. Natcher. Are there currently any outstanding vacancies in State Director positions? If so, how many?

Ms. Alvarado. Yes, there are.

Mr. Natcher. How many do we have, do you know?

Ms. Alvarado. As a result of the necessity of curtailing our costs in the support area, which continue to be very constrained, especially under Gramm-Rudman, we have effected virtually a freeze. I would have to provide that for the record unless Mr. Bonner can answer?

Mr. Bonner. There are two such vacancies.

Mr. Natcher. All right.

STAFFING

Do you anticipate any reductions in your work force in 1987? If so, how do you plan to achieve the reduction?

Ms. Alvarado. When we received the word to reduce our budget by 4.3 percent in 1986, there were two rules of thumb that I asked the agency to abide by in taking these cuts. One was that I wanted to preserve to the fullest extent possible the number of volunteers we have on board because the name of our business is volunteerism.

Secondly, I wanted to avoid, if at all possible, any RIFs or furloughs within the agency because our people are greatly extended as it is. So, we are taking every measure to avoid any furloughs or RIFs for 1986. I believe that with the request we have made for $25 million in the support area for FY 1987, if that is appropriated, we would not have the need for any furlough or RIF.

BUDGET REQUEST

Mr. Natcher. As you pointed out, your budget request for 1987 is for $149,865,000, a reduction of $1,422,000 from the enacted 1986 appropriation. In what particular areas are you proposing reductions?

Ms. Alvarado. Well, as I am sure you know, Mr. Chairman, having oversight over various agencies, we look at the 1986 appropriations, the subsequent effect of Gramm-Rudman in determining our current operating budget. Therefore, if the President's request for FY 1987 for ACTION is passed, we will actually have $5 million more to operate our programs in 1987 than we have under Gramm-Rudman in FY 1986.

So we would not envision any significant reductions other than some reduction in volunteer service years in VISTA. But even within VISTA, with the efficiency that we have achieved in 1986, we expect we can keep the number of volunteer service years high in 1987 as well.

NO AUTHORIZATION

Mr. Natcher. Your budget request for 1987 is not authorized up to this time?

Ms. Alvarado. That is correct.

Mr. NATCHER. What is the status of the authorization, can you tell us?

Ms. ALVARADO. Mr. Chairman, it is my understanding that the Education and Labor Committee will be marking up the authorization on April 23, the full committee. In the Senate, I believe that mark-up is scheduled to occur in early May.

Mr. NATCHER. Along with ACTION, what do they have in the bill, Head Start, low-income fuel legislation, and what else?

Ms. ALVARADO. Education programs, HHS, labor, and I believe, all the human resources areas.

Mr. NATCHER. In the authorization bill?

Ms. ALVARADO. ACTION's Reauthorization Bill is the Domestic Volunter Service Act Amendments for FY 1987, I believe.

STATE OFFICES

Mr. NATCHER. Are there plans for closing or consolidating any of your State or regional offices at this time?

Ms. ALVARADO. At this time we do not have any plans to do that, Mr. Chairman.

GRAMM-RUDMAN

Mr. NATCHER. What effect is the $6.5 million sequestration for 1986 under Gramm-Rudman having on the agency?

Ms. ALVARADO. Well, on the plus side, I am pleased to report that we will not suffer a single reduction in volunteer service years for any of our programs, nor a single reduction in volunteers. On the negative side, we have taken our reductions to the extent possible, in the support area of training and reduced travel, freezing personnel accessions, and volunteer support costs.

So we have been able to minimize the amount that would be taken directly out of our grants. How we have been able to do that is by reducing our cost for volunteer support. We feel like we can do this in 1986 without adversely affecting our programs. However, if we are called to do this again in the voluntary support area or general administration support in 1987, we would have to cut back volunteer service years.

Mr. NATCHER. How much of the reduction is restored in 1987?

Ms. ALVARADO. I believe $5 million of that reduction.

Mr. NATCHER. How much is available for 1986 for program support?

Ms. ALVARADO. That is $24.2 million for 1986.

Mr. NATCHER. Will that amount be sufficient or do you have plans to transfer funds from program areas into Program Support?

Ms. ALVARADO. Mr. Chairman, we will be conducting the agency's midyear review next week and we will be looking at the shortfalls that exist in the administration and support areas. We have no plans at this time to come forward with a reprogramming request but if it appears that that will be necessary we will certainly advise you of that fact when it develops and if it develops.

Mr. NATCHER. All right. Mr. Conte, I yield to you.

Mr. CONTE. Thank you, Mr. Chairman.

You have been on the job almost a full year, Ms. Alvarado, but this is your first appearance?

Ms. ALVARADO. This is my first opportunity, yes.

Mr. CONTE. We welcome you.

Ms. ALVARADO. Thank you.

Mr. CONTE. Your agency runs some of the most exciting and important programs we have got going in this government, and I want you to know you have got friends here on this committee.

Ms. ALVARADO. Thank you very much.

PROGRAM SUPPORT

Mr. CONTE. Do you have enough money in the 1987 salaries and expenses budget to carry out all your required functions?

Ms. ALVARADO. Yes.

Mr. CONTE. What is the current travel budget for Domestic Operations, and is it sufficient to meet the present requirement of two project site visits per project per year?

Ms. ALVARADO. The current travel budget for Domestic Operations is $585,000 for 1986. I would ask Mr. Bonner, our Associate Director for Domestic Operations, to respond to the issue of two site visits.

Mr. BONNER. This time last year I mentioned to you that we did not have enough money to cover two site visits. The story is the same this year. The matter comes down to one site visit.

OLDER VISTA VOLUNTEERS

Mr. CONTE. You know, Ms. Alvarado, last session I introduced legislation to permit VISTA volunteers aged 55 and over to serve as volunteers without regard to the current five-year limitation on service. Don't you think that in certain cases, for instance in Massachusetts where the Association of Older Americans has sponsored a VISTA program where all the volunteers are from 60 to 89 years of age, that this limitation should be waived?

Ms. ALVARADO. Mr. Conte, we certainly see the point you have made in introducing your legislation. We have no official position at this time. I would respectfully point out, however, that we encourage VISTA program sponsors across the board to institutionalize the activities begun by our VISTA volunteers within three years so that other low-income communities may have the opportunity to use our resources.

In addition, as you know, the Domestic Volunteer Service Act currently requires that 20 percent of the VISTA volunteers be 55 years of age or older. If we allow them to serve for more than five years we would be limiting the opportunities for other older Americans to enter the program for the first time. The statistics show that there are about 22 VISTA volunteers who are in their fifth year of service who are 55 years of age or older. This represents less than 1 percent of our VISTA volunteers although there are over 500 VISTA volunteers over the age of 55.

Mr. CONTE. It seems to me that with these people providing such needed services, it really is a shame to force them out of the program. This is a new career for them, providing supplementary income and an opportunity to continue useful service.

HUNGER

Just a couple of months ago, I had the real pleasure of swearing in three new VISTA volunteers at the Western Massachusetts Food Bank in Hadley, Massachusetts. We had a great turn-out, and it was really a thrill for me personally. Can you tell me how many VISTA volunteers and projects are addressing the problems associated with hunger in this fiscal year, and how many you project for fiscal year 1987?

Ms. **Alvarado**. We do have statistics on that. Dan?

Mr. **Bonner**. There are approximately 126 projects working directly in the area of hunger. Those projects have over 500 VISTA volunteers.

VISTA AWARENESS

Mr. **Conte**. One thing that particularly struck me about that ceremony was that by being there I kind of re-emphasized for those volunteers that VISTA is a national program. That was very important to them, it kind of gave them an extra incentive and an extra sense of purpose about their work. Don't you think this aspect of the program is very important? And what kinds of things does the agency do to make people aware that VISTA is still a program of national importance as well?

Ms. **Alvarado**. I agree with you completely, Mr. Conte, and as a matter of fact one of my goals as I travel around the country is to instill a sense of pride among our VISTA volunteers in their identity as part of a national program to serve the poor. We have in fact dedicated the bulk of our public affairs budget in 1986 to publicizing VISTA.

We have developed public service announcements. We have developed new VISTA recruitment poster with an accompanying pamphlet. We have public service announcements which are being developed for radio, and have generated a significant amount of press during the past year in newspapers across the country on the work of our VISTA volunteers. We have also developed manuals for our VISTA supervisors on how to deal with public affairs so they also market locally what the VISTA programs are.

2,400 SERVICE YEARS

Mr. **Conte**. Your budget documents show that in fiscal year 1986, even after the Gramm-Rudman-Hollings sequester, you will still be providing the full 2,400 volunteer service years. How did you accomplish that, and what services had to be cut in order to maintain that number?

Ms. **Alvarado**. Well, it wasn't easy. I think you recognize that the easiest approach would have been just to take across-the-board reductions in volunteer service years. What we did instead was, recognizing the intent of the Congress that we fund as closely as possible the 2,400 service years, we took these cuts from volunteer support costs, grants, supervision grants, and training grants, as well as some decreased costs in health insurance, rather than taking funds directly out of stipends or costs that would directly support the volunteer service years.

SENIOR COMPANIONS

Mr. **Conte**. As you know, in the 1985 bill we included $3,000,000 under the Senior Companion Program to fund a new program for caring for the homebound elderly. One of the winners in the competition for those funds was the Highland Valley Elder Services program in my district. They have got a really first-rate project going. Tell me, how many of these projects were funded in fiscal year 1986, and how were they affected by the Gramm-Rudman cuts?

Ms. **Alvarado**. Well, again, we were very pleased with our results after we sat down and went through our budget. Senior Companion overall costs were reduced by 4.3 percent as all of our programs were, but we were able to effect the cut without affecting the projected numbers of volunteers. Because we applied carryover funds which had become available from projects around the country to achieve the Gramm-Rudman reductions, we do not have any reductions in terms of the total numbers.

Mr. **Conte**. How many new projects?

Mr. **Bonner**. Nine new projects.

Mr. **Conte**. In 1987?

Mr. **Bonner**. Yes, sir.

Mr. **Conte**. In this area.

Mr. **Bonner**. Are you talking about 1987?

Mr. **Conte**. Yes, sir.

Mr. **Bonner**. Because of the status of the budget, it is not likely that we will be able to put too many more projects on. I was referring to 1986.

Mr. **Conte**. But you may put some new projects on.

Mr. **Bonner**. Yes.

Mr. **Conte**. In this era when we are all hearing about patients being sent home "quicker and sicker", don't you think it might do a lot of good to expand this program? Wouldn't it provide a caring and cost-effective way of making sure that our seniors are getting the services they need?

Ms. **Alvarado**. Well, we certainly have encouraged our Senior Companion Homebound Elderly programs to take a look at the issue with the DRGs and to work with patients, who are being discharged from hospitals, before they actually arrive home. The preliminary reports that we have from these communities indicate great success, that Senior Companions are able to achieve a rapport with those persons before actually entering into the home and to gain a sense of confidence as well as an understanding of the medical issues involved in terms of their Senior Companion duties.

So we have been very pleased with that and we are also, as I have indicated in my testimony, looking at expanding home care within the RSVP program, as well as cost-effective ways of expanding these services. As you know the RSVP's are not stipended volunteers, so we are continuing to encourage that expansion.

Mr. **Conte**. That is a good idea.

The Administration ought to be all for this program.

NON-STIPENDED VOLUNTEERS

Ms. **Alvarado**. One other thing, Mr. Conte, in our authorization proposal we have recommended that the Agency have the flexibility to allow projects who are interested in the Senior Companion Program and Foster Grandparent Program to accept the services of non-stipended volunteers. We feel that this would certainly be a way of continuing to provide for these greatly needed services as more and more Americans enter the ranks of the elderly, and encounter difficulties where they do not need to be institutionalized, but cannot be at home by themselves all day long.

We see this as an option for expanding the services without increasing Federal expenditures.

Mr. **Conte**. What worries me about that proposal is that for rural areas like mine, it might become impossible to recruit volunteers for these programs. With a 20 hour per week commitment these volunteers need whatever little incentives we can give them.

Have you assessed the impact this proposal would have on the recruitment of volunteers, specifically in more rural areas?

Ms. **Alvarado**. Well, one thing is for sure, this would be implemented on a case-by-case basis. We would only do this in projects where the project director feels able to accommodate non-stipended volunteers and can get people who would be willing to make that kind of commitment.

Furthermore, we assure you that we would not reduce by a single volunteer year the number of stipended volunteers. We do not intend to offset the number of stipended volunteers with non-stipended volunteers. We see this as merely another way of expanding these programs in an era of limited Federal funding.

SPACE RENTAL

Mr. **Conte**. In all the budgets that we have been looking at here for the last six or eight weeks, we have seen one constant increase and that is the increase in rent. How much increase in rent are you going to have to pay?

Ms. **Alvarado**. Well, that is an interesting topic. I would like for the Deputy to address this in more detail, because he has been working with the General Services Administration. ACTION is located in a building which has been designated as needing to be renovated if it is going to be in line with Government specifications. I believe action itself is currently paying about $11 a square foot. GSA shares a large part of the cost so the total cost to the government for the Maiatico Building, where ¾ of our employees work is $22.00 and for the Paramount Building, where to work it is $28.00 per square foot. The options identified for us to remain in the same area are about $30 a square foot. So that would be about another, million dollars in our support budget.

Obviously, we are greatly concerned where this will come from. We feel that it is in the best interest of the Agency to remain close to the other agencies that we deal with on a regular basis.

Mr. **Conte**. Did I hear you right, say that, $30?

Mr. **Ventura**. Somewhere in that ball park. It is very difficult to assess right now. As the Director pointed out, GSA has indicated to us that, because of asbestos levels and fire escape routes and things like that, if we were to remain in the building where we are presently housed, we would have to undergo substantial renovation. Our costs would increase as the owner of the building would increase the square footage cost.

If we move, obviously, the costs are going to increase also. This is also true of the regional and state offices, not with respect to the structural problems but the costs are going up in those offices also.

Mr. CONTE. Has GSA been talking to you about moving?

Mr. VENTURA. They have been discussing this with us and have put bids out for competition in the District.

MANAGEMENT IMPROVEMENTS

Mr. CONTE. You have put a lot of work into tightening up the management of ACTION's operations. Can you tell us a little about the various management initiatives you have undertaken since you took over the agency, and what kind of improvements you have through because of these initiatives?

Ms. ALVARADO. Certainly. Well, we have just looked at the issue of the site visits, which I know you have a great interest in, the fact that our funding has been very limited to carry out the congressional intent that we conduct two site visits per year. We have a working group that is looking at a uniform monitoring document which can be used by our people, as they go out to the regions and states and meet with the projects, to do a better job in monitoring the projects and providing that type of technical assistance.

We are also going to be putting more emphasis on the area of technical assistance in general through our tap grants that are given in the demonstration area. We believe that one of the best uses of ACTION money in the demonstration area is to develop innovative approaches for developing partnerships with the private sector and volunteer communities to expand the volunteerism. For example, assistance to rural population farm crisis is one area we are looking at and we will also be continuing to develop initiatives in interagency agreements with other agencies.

We have developed a very definitive system for monitoring our expenditures and our accounting system has been improved over the past year, so that at any given point in time, we can indicate what the status of funds is for all of our programs.

We are currently engaged in and continue to upgrade our automated data processing so that the field and headquarters can communicate better in terms of programmatic goals and objectives as well as budgetary figures. We are continuing to look at every possible way to do more with less. I feel that we have been very successful this past year in continuing to make sure that our programs are carried out with the same level of excellence that we would expect, even though we have had fewer dollars.

Mr. CONTE. I want you to know I think you are doing a good job.

Ms. ALVARADO. Thank you, I appreciate that vote of confidence.

Mr. CONTE. And you did a good job here today.

Mr. NATCHER. Mr. Stokes.

Mr. STOKES. Thank you, Mr. Chairman.

Ms. Alvarado, nice to see you here.

Ms. ALVARADO. Thank you.

VISTA VOLUNTEERS

Mr. STOKES. Currently, how many VISTA volunteers are there, and how many VISTA projects are currently operating?

Ms. ALVARADO. We have 2612 VISTA volunteers working in 542 projects.

SUBSISTENCE ALLOWANCE

Mr. STOKES. What is the current average VISTA subsistance allowance and how does this compare with the official poverty standard for a single individual?

Ms. ALVARADO. I know that the current average subsistence allowance around $5,088 per volunteer service year.

Mr. BONNER. It is about $5,088 per volunteer.

How does that compare? I think we will have to get that information. We do know that with the amount of money, that does derive a great sense of commitment from the volunteer because——

Mr. STOKES. Can you provide that for the record.

Mr. BONNER. I certainly will.

[The information follows:]

The official poverty standard for a single individual is $5,360 per year.

COMPUTATIONS FOR THE 1986 ANNUAL UPDATE OF THE POVERTY INCOME GUIDELINES FOR ALL STATES (EXCEPT ALASKA AND HAWAII) AND THE DISTRICT OF COLUMBIA.

(1) Size of family unit	(2) Poverty thresholds in 1984 (weighted averages)[a]	(3) Column 2 multiplied by 1.0357 price inflator[b]	(4) Difference between successive column 3 entries	(5) Average difference in column 4[c]	(6) February 1986 guidelines
1	$5,278	$5,466	$1,537	$1,880	$5,360
2	6,762	7,003	1,569	1,880	7,240
3	8,277	8,572			9,120
			2,416	1,880	
4	10,609	10,988			11,000
			2,027	1,880	
5	12,566	13,015			12,880
			1,699	1,880	
6	14,207	14,714			14,760
			1,957	1,880	
7	16,096	16,671			16,640
			1,931	1,880	
8	17,961	18,602			18,520

Mr. STOKES. Director, when was the last time that the VISTA subsistance allowance was increased?

Ms. ALVARADO. I believe we did not have an increase over the past few years on a consecutive basis.

Mr. BONNER. It has not been increased since September 1984 Mr. Stokes. There are no proceedings that I know about right now to cover an increase.

VISTA RECRUITMENT

Mr. **Stokes**. Since fiscal year 1982, the House Appropriations Report has included language directing ACTION to recruit, plan and place VISTA volunteers evenly throughout the fiscal year.

Information supplied to us last year indicates that ACTION has not complied with this directive in the past. In fiscal year 1984, half of VISTA's volunteers were placed in the last quarter of the fiscal year.

What is the reason for ACTION's lack of compliance in this area?

Mr. **Bonner**. It has to do with the placements of programs and therefore the approval of programs and the placement of VISTA volunteers from previous years.

From the beginning of 1983, we had a great many VISTA projects that were bunched together toward the first quarter of the year. If you recall that was a time of great controversy and the projects at the time were as I say placed largely in the first quarter.

Since 1983, we have been making a studious effort to restructure the placement of those programs; approval and placement of volunteers evenly across the quarters as the committee has asked.

It is not the work of a day, however, and that is the best we can do. We have made every effort to try to bring those quarterly placement into line.

Mr. **Stokes**. I would appreciate it if you would provide for me for the record a chart indicating the placement pattern of VISTA volunteers for each quarter of fiscal year 1985 and fiscal year 1986

Mr. **Bonner**. Right.

Mr. **Stokes**. Please indicate by quarter your plans to recruit, train and place VISTA volunteers in fiscal year 1987.

Ms. **Alvarado**. Certainly.

[The information follows

VISTA TRAINING ENTRIES

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total (projects)
FY '85	468	525	757	690	2,440
FY '86	406	521	536	241	1,704

Plans for FY '87 have not yet been developed pending receipt of final budget figures.

The Agency will make very effort to ensure even placement of volunteers throughout the year.

Mr. **Stokes**. For fiscal year 1984, ACTION spent only $10,000 for public awareness, recruitment, and promotional materials for VISTA programs.

In contrast, $31,000 was spent on the Young Volunteers in ACTION and Vietnam veteran leadership programs, programs which are much smaller than VISTA.

What national recruitment and public awareness efforts have you undertaken on behalf of VISTA and how much did ACTION spend on these activities in fiscal year 1985 and 1986?

Ms. **Alvarado**. Mr. Stokes, I indicated earlier that monies expended on publicizing VISTA represented the largest chunk of our public awareness funding for 1985 and 1986.

We have generated a VISTA recruitment brochure which accompanies a VISTA poster, which has been disseminated nationwide. We have developed a series of public service announcements geared for radio, and hopefully television, to publicize VISTA. We have many, many stories that have been run on the work of VISTA volunteers in communities all across the country during this past year.

I can say without any doubt whatsoever that the visibility of VISTA has greatly increased and our plans for 1987 are to continue to publicize ACTION and all of its programs to the fullest extent possible.

I can certainly provide for the record the dollar amounts that have been expended up to date as well as for 1985 in these activities.

Mr. **Stokes**. All right. I would appreciate knowing how much you spent on these activities for 1985 and 1986, and how much you plan to spend for 1987.

Ms. **Alvarado**. Okay.

[The information follows:]

VISTA PUBLIC AWARENESS

A total of *$89,000 was spent in FY 1985* for VISTA public awareness, recruitment and promotional materials. This included a poster, a recruitment flyer, recruiting, fundraising and publicity manuals, production of radio Public Service Announcement, logo redesign and marketing of VISTA stories to newspapers and magazines throughout the country.

By the end of *FY 1986*, total expenditures for VISTA recruitment and public awareness materials will total more than *$62,000*. This lower figure reflects Gramm-Rudman cuts. This includes reprinting many of the FY 1985 materials, completing reproduction and a wide distribution of the VISTA radio Public Service Announcement, targeted distribution of VISTA materials and continued marketing of VISTA stories to print media.

Planned expenditures for VISTA recruitment and public awareness materials in *FY 1987 total $67,000*. This includes a new recruiting poster and a new flyer, as well as targeted distribution of these materials. A new radio Public Service Announcement is also planned for this fiscal year, as well as continued placement of VISTA stories.

Mr. **Stokes**. Also, how much you are spending in fiscal years 1986 and 1987 to promote the ACTION agency and volunteerism in general.

Ms. **Alvarado**. Certainly.

Mr. **Stokes**. Supply that for me.

Ms. **Alvarado**. Yes.

[The information follows:]

ACTION public awareness

A program by program breakout of FY 1986 promotional materials is as follows:

VISTA	$62,000
RSVP	52,000
FGP	20,000
SCP	15,000
Multi-program/General Voluntarism	55,000
Total	204,000

Program by program projected expenditures on promotional materials in FY 1987:

VISTA	$67,000
RSVP	40,000
FGP	20,000
SCP	10,000
Multi-program/General Voluntarism	50,000
Total	187,000

Mr. **Stokes**. Let me ask you about in your recruitment poster for VISTA. I was wondering how this poster conveys the message that VISTA is a national anti-poverty volunteer program. How do you explain that?

Ms. **Alvarado**. Well, we really were intrigued with the message on that poster which says "The adventure begins at home, join VISTA, serve in the U.S.A.," and the format for the poster, one which was easily recognizable by the youth of America. We felt that this would be attractive to the younger generation as well as other Americans. We liked the concept that there is in fact an adventure and a challenge in serving the poor in your community. This was indicated on the poster and the accompanying brochure which were designed as a package to be disseminated together.

Mr. **Stokes**. We are talking about the VISTA poster?

Ms. **Alvarado**. Yes, sir.

Mr. **Stokes**. It looks like an advertisement for jeans to me.

Ms. **Alvarado**. Well, we have heard certain parties indicate that in the past, but I guess you know artistic design and so forth, as always, is subject to one's individual interpretation.

We have received very good feedback from the field on the poster. People are pleased that we had a VISTA poster produced. We would certainly be willing to entertain any specific idea that you or any other member of the committee might have for marketing VISTA in other ways. We would certainly welcome your ideas and work with you in developing them.

Mr. **Stokes**. One of my concerns is that you don't have a phone number on the poster. If you are recruiting people, how would they communicate with you? You don't have a phone number.

Ms. **Alvarado**. The brochure lists the ACTION offices where people can write or call if they are interested in serving as volunteers. I know that interested parties have raised the issue of an 800 phone number and we are reviewing that possibility and certainly we will keep you posted.

Mr. **Bonner**. There is an 800 number in Washington.

Mr. **Stokes**. It is not on the poster.

Mr. **Bonner**. The reason is that we did not want to create undue frustration for people calling Washington simply to be told they had to refer to our state offices.

The people in the various states can refer to our network of state offices. Until we get a clearinghouse together—perhaps a computerized clearinghouse that will facilitate the exchange of information across the country within our agency, we feel that it would just create some frustrations.

Mr. **Stokes**. To what organizations and individuals have you circulated this poster?

Mr. **Bonner**. That is going to a wide circulation of campuses, older Americans organizations, not only to the members of our current volunteer organization; but to as wide a variety of groups as we can within each community; that is, nonprofit agencies, schools etc.

Ms. **Alvarado**. We are also talking to the postal service about disseminating through post offices and local communities.

Mr. **Bonner**. We have made every effort to make as wide and thorough a distribution as possible.

Mr. **Stokes**. Thank you.

Mr. **Dwyer**. Thank you, Mr. Chairman.

STUDENT VOLUNTEERS

Ms. Alvarado, it is nice to see you here. You mentioned in your justification that more than three quarters of a million high school students and college students are involved in the community service programs dealing with the problems of the poor.

Would you tell us for the record where that information emanates from?

Mr. **Bonner**. I believe that information comes from the National Coalition on States. It deals with campus groups across the country who are involved in volunteerism.

Mr. **Dwyer**. Are they all concerning problems of the poor or just concerning volunteerism as a whole?

Mr. **Bonner**. Our best information is that it is concerning the poor. If you wish a clarification, we can certainly——

Mr. **Dwyer**. Would you, if you might do that for us, please.

Mr. **Bonner**. Yes, sir.

[The information follows:]

The information comes from the many schools involved in ACTION's Young Volunteers in ACTION and the National Center for Service Learning programs. Each of those programs deals with a large number of high schools and college campuses across the country. Information supplied by those schools indicates that several hundred thousand students are volunteering their time to serve the poor and disadvantaged.

VOLUNTEER NEED

Mr. **Dwyer**. Disregarding our current financial crunch, do you see a need for more Federal volunteer agencies out there such as a VISTA type effort?

Ms. **Alvarado**. We feel that within the existing programs and the President's budget request for 1987, which would provide ACTION with $5 million more than we have in 1986 after sequestration, we would be able to continue to carry out our mission of expanding volunteerism in every corner of America as well as providing technical assistance to community organizations who would be interested in starting their own programs.

So I would not anticipate the need for additional funding beyond the level which we are requesting for specific programs.

Mr. **Dwyer**. My question was—disregarding the crunch on funds—is there a need, given our commitment to the drug problem in this country, and given our concern over the fact that more and more people are going hungry, is there a need for more VISTA type volunteers, in your professional opinion?

Ms. **Alvarado**. My professional opinion is that even though we have more Americans than ever before serving as volunteers in their community, we still are not meeting all of the needs that exist across America. We do continue to have need of volunteers, part-time volunteers as well as full-time, who are willing to make that commitment to address the significant areas related to the poor and elderly in this country. ACTION's mission is going to be to continue to promote the involvement of citizens in helping their neighbors as volunteers.

Mr. **Dwyer**. That would also include VISTA type volunteers?

Ms. **Alvarado**. Yes.

DRUG ABUSE

Mr. **Dwyer**. Specifically, you are probably familiar with the administration's anti-drug involvement program. Have you received any specific instructions from the administration on how to step up your drug abuse program?

Ms. **Alvarado**. Mr. Dwyer, ACTION has been involved in a very vigorous way since 1981 in carrying out the President's National Strategy for Prevention of Drug Abuse. We are specifically involved in developing programs to bring volunteers to work in the area of drug education and prevention.

Through our demonstration grants, we have been able to fund parents' networks across many states to reach out to their neighbors and get the right information that they need to identify drug use among their children as well as methods of curtailing drug abuse.

We have also developed volunteer programs among youth and involved the private sector such as the National Effort, Pharmacists Against Drug Abuse. A significant portion of our volunteers in our other programs, VISTA as well as in the Older American Programs, work in the drug education and prevention area. This has been, and continues to be, a major focus area for the agency.

Mr. **Dwyer**. Do you have a specific training program for your VISTA volunteers and older American volunteers?

Ms. **Alvarado**. The training is done as part of the in-service training and the pre-service training that is conducted for VISTA volunteers depending on their involvement, whether it is a treatment facility or education prevention.

Mr. **Dwyer**. You mentioned grants in your statement just a few seconds ago. Could you specify what type of grants have been made and how much money they involve?

Ms. **Alvarado**. Well, we have a range of grants, including the ones that I mentioned to expand statewide networks through the Parents Resource Institute for Drug Education, PRIDE, which provides a nationwide resource center with the toll-free number for parents, teachers and young people.

We have done a number of public service announcements about the conditions of drug abuse. We have provided technical assistance in the planning of drug prevention conferences in the proper dissemination of information, and have worked in the private sector efforts with the American Medical Association, General Federation of Women's Clubs and Encyclopedia Brittanica.

We also have at the beginning of this fiscal year 431 VISTA volunteers serving in 85 drug and/or alcohol abuse projects.

Mr. DWYER. How much money have you spent on these grants?

Ms. ALVARADO. In dollars and cents this year, we have expended approximately 22 percent of our part C demonstration grant funding.

A total of $371,263, which represents 22 percent of our total demonstration budget, has been obligated to date for these grants.

VISTA VOLUNTEERS SUBSEQUENT EMPLOYMENT

Mr. DWYER. Also in the justification, you mentioned VISTA training and technical assistance programs to enhance career development assistance for low-income volunteers.

Can you give us some idea of the rate of success, or some examples of what has happened under that particular aspect of the program?

Ms. ALVARADO. We provide supervision and training opportunities for all of our VISTA volunteers, and most of those are targeted specifically to the area that the VISTA volunteer is going to be working in, such as the area of homelessness, hunger or drug abuse prevention.

We feel that this type of training has been invaluable to VISTA volunteers in carrying out their duties. Some of it is provided by ACTION itself; other training is provided by the sponsor.

Mr. DWYER. I was not really referring to the training for VISTA volunteers, but on page 28 you mention a training and technical assistance program.

Ms. ALVARADO. This is the training and technical assistance program.

Mr. DWYER. Funds will be used to enhance career development assistance mandated for low-income volunteers and to provide orientation and so on.

Mr. BONNER. I gather you are referring to VISTA.

Mr. DWYER. Yes.

Mr. BONNER. The success of VISTA's program is measured, among other things, by the rate of success of placements, of proper career development training of low-income volunteers and subsequent placement in private industry or outside of the VISTA program.

To be frank about it, there has not been a full-scale evaluation of the VISTA program in many years and we intend to find that out as one of the large pieces of information.

Mr. DWYER. Then you anticipated my question, which was going to be, have you conducted any follow-up studies of employment of these individuals, and you have not.

Mr. BONNER. That is the answer.

OLDER AMERICAN VOLUNTEERS

Mr. DWYER. I see that you are expecting a 414,000 volunteers, age 60 and over, to serve in the older American volunteer programs. That is an increase of 9,700 people over fiscal year 1986.

Does that 9,700 represent the amount of volunteers that were lost as a result of Gramm-Rudman sequestration?

Mr. **Bonner**. Would you repeat that?

Mr. **Dwyer**. You are expecting 414,000 volunteers age 60 and over to serve in the Older American volunteer programs, an increase of 9700 over fiscal year 1986. My question is, does this 9700 represent the amount of volunteers that were lost as a result of Gramm-Rudman sequestration?

Mr. **Bonner**. Absolutely not.

Ms. **Alvarado**. There were no volunteers lost as a result of Gramm-Rudman. We took every measure to avoid that.

Mr. **Dwyer**. Yet you were going to increase it by 9700 and you are asking for the same funding as you had in 1986.

Mr. **Bonner**. The increase is largely in the Retired Senior Volunteer Program which has been the case year after year. We have shown a project-by-project increase in the number of volunteers even without commensurate increases in the budgets.

Mr. **Dwyer**. We will have to recess because I have to go vote.

[Recess.]

VISTA FUNDING

Mr. **Natcher**. Why are you proposing a reduction of $293,000 below the revised 1986 level in the VISTA program?

Ms. **Alvarado**. Mr. Chairman, as you know, most of the budget is relatively level funding for the agency. The administration position is that this minimal reduction in VISTA will reflect the best use of taxpayers' money during 1987.

As I indicated earlier, we will take every possible measure to assure that, with that funding, we provide the maximum number of volunteer service years possible.

Mr. **Natcher**. How much additional will it require to maintain 2400 service years in 1987?

Mr. **Genebach**. About another $500,000, Mr. Chairman.

NONCAREER EMPLOYEES

Mr. **Natcher**. All right. How many non-career employees does ACTION currently have?

Mr. **Ventura**. Currently, Mr. Chairman, we have 56 non-career appointments, which represent 11.2% of all the agency employees.

VISTA BUDGET

Mr. **Natcher**. In your 1987 budget, you have chosen to restore all of the Gramm-Rudman reduction in your older American Programs, but you make no restoration in the VISTA program. Why is this the case?

Ms. **Alvarado**. Mr. Chairman, as I indicated, this was merely an effort to make the best possible use of available funds. You have my assurance that with the funding we have requested, we will assure that as many volunteer service years as possible are initiated with the dollars appropriated.

NEW GRANT AWARDS

Mr. **Natcher**. Do you expect to make any new older American grant awards in 1987? If so, how many?

Mr. **Bonner**. We have no plans right now, given the level nature of the funding. It is possible that we may be able to achieve some transfers of programs from one sponsor to another. That is not considered a new project.

NUMBER OF PROJECTS

Mr. **Natcher**. How many older American projects are currently being funded?

Mr. **Bonner**. Older American projects, about 1123. I can provide the specific numbers for the record.

Mr. **Natcher**. Fine.

[The information follows:]

1123 Older American projects

RSVP	751
FGP	259
SCP	113

STATE DISTRIBUTION

Mr. **Natcher**. For the record, provide the current older American program funding levels on a state-by-state basis, if you would, please.

Ms. **Alvarado**. Certainly.

[The information follows:]

OAVP Funding by State -- FY 1986

	Title II-A *RSVP*	*Title II-B* *FGP*	*Title II-C* *SCP*
Alabama	848.8	1,143.7	411.6
Alaska	44.8	222.4	161.3
Arizona	301.2	570.7	270.0
Arkansas	369.6	853.4	296.4
California	2,177.0	3,323.4	913.6
Colorado	513.1	667.5	274.7
Connecticut	442.0	883.7	321.9
Delaware	144.2	231.7	217.5
District of Columbia	63.9	443.3	217.4
Florida	1,148.9	2,630.4	591.7
Georgia	433.6	1,032.5	216.6
Hawaii	139.0	226.7	180.0
Idaho	263.0	448.1	195.2
Illinios	1,124.9	1,924.3	419.7
Indiana	654.0	1,235.0	278.3
Iowa	497.6	999.2	231.9
Kansas	360.0	1,019.5	347.0
Kentucky	394.7	799.7	232.2
Louisiana	410.5	1,099.1	219.5
Maine	257.3	400.7	231.4
Maryland	389.9	914.3	298.2
Massachusetts	681.3	1,341.0	453.7
Michigan	816.1	1,827.4	566.7
Minnesota	640.9	907.3	268.7
Mississippi	352.2	889.1	194.0
Missouri	655.3	1,403.1	415.1
Montana	249.9	437.8	310.0
Nebraska	337.6	691.1	199.7
Nevada	233.9	415.4	214.8
New Hampshire	232.9	369.4	196.6
New Jersey	965.3	1,334.9	194.1
New Mexico	328.5	615.8	185.8
New York	2,047.2	4,582.8	823.5
North Carolina	494.8	884.4	369.3
North Dakota	107.9	202.7	191.2
Ohio	1,181.6	2,201.2	584.3
Oklahoma	430.4	783.9	203.2
Oregon	563.2	659.9	426.3
Pennsylvania	1,358.4	2,430.8	790.5
Rhode Island	218.8	357.2	186.6
South Carolina	237.7	472.4	201.0
Suoth Dakota	221.1	348.3	224.9
Tennessee	505.7	895.0	350.8
Texas	1,214.9	2,473.2	646.3
Utah	244.6	388.1	408.2
Vermont	274.8	368.8	220.1
Virginia	669.2	817.9	198.4
Washington	715.0	889.7	384.1
West Virginia	251.3	944.0	197.9
Wisconsin	541.6	1,068.9	201.3
Wyoming	52.3	277.9	215.5
Guam	0.0	0.0	0.0
Puerto Rico	144.3	880.4	285.7
Virgin Islands	26.8	160.5	0.0

RSVP LOCAL SHARE

Mr. **Natcher**. Is there a proposal within the agency to raise the local share cap in the retired senior volunteer program from the current 30 percent up to 50 percent?

Ms. **Alvarado**. Mr. Chairman, the authorization language submitted by the administration for the 1987 cycle has language in it which would restore the original language of the RSVP authorization, which provides the Director with the authority and the flexibility to require up to 50 percent matching funds.

We anticipate that if this is enacted, this would be done judiciously on a case-by-case basis. We do not envision that there would be an across-the-board requirement for all RSVP projects to immediately come up to 50 percent matching funds.

Mr. **Natcher**. Do you anticipate any of the current sponsors dropping out if this action were taken?

Ms. **Alvarado**. I do not, because our overall statistics show that for RSVP on a nationwide basis these projects are currently raising an average of 44 percent of non-federal funding.

RSVP SPONSORS

Mr. **Natcher**. If you will, provide for the record a listing of RSVP sponsors nationwide, broken down by their organizational type, and the number of projects sponsored, please.

Ms. **Alvarado**. Certainly.

[The information follows:]

Retired Senior Volunteer Program sponsors by type of organization

Code—RSVP sponsors:	*Number*
1—Community Service Organizations	241
2—Senior Service Organizations	158
3—County Government	97
4—Community Action Agencies	61
5—City Government	57
6—Universities and Colleges	58
7—Religious Organizations	39
8—State Government	9
9—School Districts	7
10—Other	23
Total	750

YVA PROGRAM

Mr. **Natcher**. Does the Young Volunteers in ACTION program still exist?

Ms. **Alvarado**. Yes, it does. We have 45 projects which are being funded and we have many youngsters serving in these programs.

Mr. **Natcher**. How much will you spend on this program in 1986?

Mr. **Bonner**. $1,368,000. For all our Service Learning projects.

DISCRETIONARY FUNDS

Mr. **Natcher**. You are requesting $1,368,000 for Service Learning programs and $1,801,000 for demonstration programs. Are these funds strictly discretionary in nature?

Ms. **Alvarado**. The funds for the National Center for Service Learning have for the past ten years been administered through a contract based on providing technical assistance and training to service learning providers throughout the country.

The discretionary monies as they are usually known, would be the Part C monies for demonstration grants. These are generally announced in the Federal Register. They are made available to persons interested in developing volunteer initiatives addressing the issues of runaway children, drug education and prevention, refugee assistance, literacy, and other problems which exist and where individuals feel they have new and innovative approaches that address these problems and that can be tested for using volunteers.

What we have found, through these demonstration projects, which are essentially our research and development grants, is that we have been able to apply successful principles into the VISTA program as well as our Older American Volunteer Programs.

Mr. **Natcher**. How much——

Ms. **Alvarado**. I was going to say that with regard to the Part B funds, which are also geared toward the youth, including the Young Volunteers in ACTION, we have also funded a number of projects providing service opportunities for youth to serve the poor in their communities. We envision expanding these kinds of opportunities to reach out to college-age youth and provide part-time opportunities for service for them.

Mr. **Natcher**. How much of these requests are for continuation costs for projects funded in prior years?

Ms. **Alvarado**. Our demonstration grants are generally funded on a year-to-year basis. We do not encourage long-term programs under this area because we feel that the best use is to test new models and then to move on, generally, two years or three years maximum. Some have gone longer.

Mr. **Natcher**. Are some of the grantees supported year after year with these funds?

Ms. **Alvarado**. I would have to provide the information for the record on the total number of years, but, as I said, generally the duration is about two to three years, not year after year.

[The information follows:]

Only four organizations have been funded for more than three years—Georgia State University, Parents Resources and Information for Drug Education (PRIDE); Covenant House, a youth runaway shelter; Save Cambodia, Inc., a refugee assistance program; and Families in Action, a national drug abuse prevention project. Except for Save Cambodia, Inc., all of these projects are nationwide efforts. The following is a listing by fiscal year for each grantee:

PRIDE:	
FY 82	$235,462
FY 83	183,253
FY 84	263,362
FY 85	317,368
FY 86	225,000
Covenant House:	
FY 82	124,443

FY 83	34,939
FY 84	88,418
FY 85	174,966
Families in Action:	
FY 82	43,920
FY 83	31,330
FY 84	58,959
FY 85	18,618
Save Cambodia, Inc.:	
FY 81	115,746
FY 82	81,865
FY 83	50,000
FY 84	102,316

Mr. NATCHER. Ms. Alvarado, we want to thank you for appearing before our committee at this time on behalf of your budget request for fiscal year 1987, along with your associates. It has been a good hearing.

Ms. ALVARADO. Thank you very much.

[The following questions were submitted to be answered for the record:]

REAUTHORIZATION

Mr. Stokes: The Domestic Volunteer Service Act must be renewed for FY 1987. Are you planning any major changes in the Authorizing statute?

Ms. Alvarado: The Administration bill includes several programmatic changes. It will include a new preamble that specifies ACTION's responsibility for fostering voluntarism. The current act contains a statement of purpose for each Title, but contains no general mission statement for the agency as a whole.

The Administration bill would increase the local share contribution requirements in grants for the RSVP programs in the fourth and fifth year to 40% and 50% respectively. The current legislation provides for 30% local contribution in the third and subsequent years of the grant. This amendment would provide for local-share matching on a reasonable, shared basis and would achieve more efficient utilization of very limited federal funds.

In addition, we are asking for a provision that would provide the opportunity for local projects to utilize an untapped resource of individuals, anxious to volunteer, but currently income ineligible for the Foster Grandparent Program. Many instances have been cited of individuals interested in volunteer service, but being denied that opportunity because of income or the unavailability of other volunteer programs in their community, even though there is an abundance of children in need of the companionship of this program. This provision would provide that the expenses of the non-stipended volunteers shall be paid from non-Federal funds.

The Administration bill would clarify the Director's authority to develop private sector support for ACTION's programs. Our programs have demonstrated an outstanding return of value for each dollar appropriated.

Our draft bill includes an amendment that would re-establish the Agency's Advisory Council which expired at the end of 1985. This is necessary because the ACTION Volunteer Advisory Council significantly contributed to the Agency's ability to accomplish its mission.

And finally, our bill would make clear that the evaluation of programs should be scheduled according to need. The proposed amendment would require evaluations as the need arises. Wih this change, evaluation planning and implementation would be accomplished more efficiently, and with a reduction in overall costs.

PRIVATE SECTOR RESOURCES

Mr Stokes: It is my understanding that current law permits you, as the Director of ACTION, to receive money or gifts for use in furthering ACTION programs. I further understand that you are seeking new legislative authority to solicit funds from profit and non-profit entities. Is that correct? If so, what is the rationale for this new authority?

Ms. Alvarado: The Administration bill proposes adding to the authority of the Director, the authority to contact profit or non-profit organizations to secure the commitment of private sector resources to support existing or proposed programs under the Act. This authority is sought to expand ACTION's ability to fulfill its mission to service human and community needs through volunteers. The public/private nature of its programs makes private support and involvement desirable and appropriate.

Mr. Stokes: At a time of cutbacks in so many social programs, why is ACTION proposing to compete with community-based organizations for private sector contributions? Won't this hurt, rather than help, some of the very organizations and groups that ACTION is intended to assist?

Ms. Alvarado: We do not anticipate that there will be any conflict with other organizations seeking private sector contributions. Any efforts of ACTION's would be structured to ensure that there is proper coordination to avoid any conflict with local sponsoring organizations.

Mr. Stokes: If granted the authority to raise private sector resources, would these funds be used exclusively in direct support of existing ACTION programs and volunteers?

Ms Alvarado: The language of the proposed amendment provides that the private sector resources may only be used for support of existing or proposed programs under the Act. This express purpose, therefore, prohibits using the contributions for other purposes.

Mr. Stokes: Would these funds be used to augment or supplant federal appropriations for ACTION programs?

Ms. Alvarado: All private sector resources would be used to augment or supplement current or future appropriations.

VISTA FUNDING

Mr. Stokes: FY 1986 funding for the VISTA program was reduced from $19 million to $18.183 million under the 1986 Gramm-Rudmann reductions. The budget justifications indicate that you will maintain 2,400 VISTA Volunteer service years in 1986, despite the funding reduction. How will this be accomplished, in light of the fact that last year ACTION testified that $19.1 million would be required to support 2,400 VISTA service years?

Ms. Alvarado: We have carefully reviewed proposed obligations in every category within the VISTA budget. We have chosen to reduce some project support grants covering volunteer supervision and transportation, without denying resources to any projects which need these resources in order to support the volunteer activities. We have also made limited reductions in communications, printing, and other non-volunteer support categories. We feel confident that 2400 service year level will be met and program integrity will be maintained.

Mr. Stokes: Are you currently considering any reprogramming of funds to ensure that the statutory mandate of 2,400 service years is achieved?

Ms. Alvarado: No, reprogramming is not needed to meet our service year mandate.

Mr. Stokes: The FY 1987 budget request for the ACTION Agency is $149.865 million. Except for program operations, I note that the VISTA program is the only major activity within your budget that is not restored to its pre-Gramm-Rudmann 1986 appropriation level. Why is the VISTA program -- the Federal Government's only domestic volunteer anti-poverty program -- being singled out for a reduction?

Ms. Alvarado: It is the Administration position that the FY 87 budget request for ACTION reflects the best use of taxpayer dollars. The budget request of $17,890,000 represents in no way harsh treatment for the VISTA program. In fact, this reduced funding level will reduce service year production by a maximum of 75 service years. By looking carefully at all expenditures for cost-savings, we hope to field even more than 2,325 service years. The FY 87 budget reflects careful review of resources and is a reasonable equitable level of volunteer strength for programs administered by ACTION.

Mr. Stokes: What is the rationale for requesting only 2,325 VISTA service years in FY 1987?

Ms. Alvarado: The 2,325 level is our estimate of service year production at the requested funding level. Certainly, we are committed to fielding the maximum number of volunteers at the budget level. As demonstrated by our management of the cuts this year, we anticipate production of more than our estimated 2,325 level.

Mr. Stokes: What is the current average VISTA subsistence allowance and how does this compare with the official poverty standard for a single individual?

Ms. Alvarado: The current monthly average VISTA subsistence allowance is $424, or $5,088 per year. The current poverty index for a single individual is $5,360.

Mr. Stokes: When was the last time that the VISTA subsistence allowance was increased?

Ms. Alvarado: The VISTA subsistence allowance was last raised in September 1984 with an across-the-board 10% increase.

RECRUITMENT AND PUBLIC AWARENESS

Mr. Stokes: Please specify the college campuses, older american groups and nonprofit organizations to whom the VISTA recruitment poster has been circulated?

Ms. Alvarado: All ACTION field offices and current VISTA sponsors have received copies of the VISTA recruitment poster. They have been distributed to college campuses, high schools, public buildings, libraries, community organizations, corporations, post offices and a variety of other sites across the country.

Mr. Stokes: Please provide a copy of the VISTA public service announcement?

Ms. Alvarado: The VISTA public service announcement is still in production. It should be available in three months. I will be happy to forward a copy of the script to the the Committee at that time.

Mr. Stokes: What percentage of VISTA Volunteers today are recruited nationally and what percentage are recruited by local sponsors?

Ms. Alvarado: VISTA Volunteers currently serving in the program are recruited in several ways:

a. Project sponsor knowledge of individuals in the community served by the project who wish to serve as VISTAs.

b. Project sponsor recruitment of VISTA Volunteers at college campuses or professional organizations where skills needed are available.

c. Referrals of potential applicants who inquire at ACTION State or Regional Offices to potential sponsors in their area of residence or area of interest.

d. Referrals of potential applicants who inquire at VISTA Headquarters to ACTION State Offices serving their areas of residence or area of interest.

Statistics on how many volunteers are recruited in each way are not available.

Mr. Stokes: Information submitted last year indicates that the average age of a VISTA Volunteer has increased from 24 in FY 1974 to 35 in FY 1984. What are the reasons for this trend?

Ms. Alvarado: The average age of the Volunteers has increased over the past ten years because of an overall decrease of recruitment on college campuses, formerly the primary source of all volunteer recruitment, as well as the legislative requirement that at least 20% of all VISTA Volunteers be 55 years of age or older.

Mr. Stokes: Dr. Derek Bok, President of Harvard and one of the founders of the Project for Community and Public Service, a consortium of 100 university presidents formed to encourage and support voluntary and community service among college students, recently testified before the House Subcommittee on Select Education. He testified about the need for more opportunities for young people to serve in VISTA. Currently, what type of recruitment efforts is ACTION conducting on college campuses?

Ms. Alvarado: At this time, college campus recruitment is done by the sponsor on an "as needed" basis. We will be developing a more comprehensive campus recruitment plan in which VISTA sponsors in the state would participate in campus recruiting activities assisted by ACTION State Staff.

Mr. Stokes: What percentage of VISTA Volunteers are individuals between the age of 18 and 25?

Ms. Alvarado: Sixteen percent of current VISTA Volunteers are between the ages of 18 and 25.

STAFF

Mr. Stokes: Last year, it was indicated that the VISTA staff was comprised of 9 individuals, of whom 8 are career employees. Four employees have VISTA program responsibility and 2 administer the volunteer health benefits program. How many individuals currently work for VISTA in the Washington Headquarters?

Ms. Alvarado: There are currently 9 individuals on the VISTA Headquarters staff, of whom 8 are career employees.

Mr. Stokes: How many VISTA employees currently are career professionals with program responsibilities?

Ms. Alvarado: Of the 8 VISTA career employees, four professionals have program responsibilities.

Mr. Stokes: Last year, testimony indicated that 62 noncareer employees were on board at ACTION. How many noncareer employees are currently on Board? What percentage does this represent of your total workforce?

Ms. Alvarado: Currently, there are 57 non-career employees on board in ACTION. This represents 11.4 percent of the total workforce. Of the 57 non-career employees, 23 are either Schedule C's, temporaries above grade 3 or experts and consultants. This represents 4.6 percent of the total workforce and below the 8.5 percent requirement of Section 402(1).

Mr. Stokes: Your budget justifications indicate a reduction of 14 positions in FY 1987. Why are you requesting additional funds for program support over the revised 1986 level? When are you reducing personnel?

Ms. Alvarado: In order to achieve our FY 1987 FTE ceiling of 511, we estimate that we will have to eliminate 14 full-time permanent positions through attrition throughout the year. Our request for personnel compensation includes the full-year effect of the personnel we have brought on board this year as well as the effect of gradually reducing the employment level during FY 1987. The effect of the reductions in FY 1987 should appear in the FY 1988 request.

NATIONAL RECRUITMENT

Mr. Hoyer: Currently, are VISTA Volunteer service opportunities restricted to the local community or state in which a VISTA applicant resides? In FY 85, how many volunteers were placed at projects outside of their immediate state?

Ms. Alvarado: VISTA currently has no statistics on how many volunteers are placed at projects outside of their immediate state. Interstate placement of volunteers is occurring on a limited basis and ACTION Regional Offices have received additional funds to cover volunteer relocation expenses.

Mr. Hoyer: How much did ACTION spend for public awareness, recruitment and promotional materials for VISTA in FY 1985? What are your plans for FY 1986 and 1987?

Ms. Alvarado: A total of $89,000 was spent in FY 1985 for VISTA public awareness, recruitment and promotional materials. This included a poster, a recruitment flyer, recruiting, fundraising and publicity manuals, production of a radio Public Service Announcement, logo redesign and marketing of VISTA stories to newspapers and magazines throughout the country.

By the end of FY 1986, total expenditures for VISTA recruitment and public awareness materials will total more than $62,000. This lower figure reflects Gramm-Rudman cuts. This includes reprinting many of the FY 1985 materials, completing reproduction and a wide distribution of the VISTA radio Public Service Announcement, targeted distribution of VISTA materials and continued marketing of VISTA stories to print media.

Planned expenditures for VISTA recruitment and public awareness materials in FY 1987 total $67,000. This includes a new recruiting poster and a new flyer, as well as targeted distribution of these materials. A new radio Public Service Announcement is also planned for this fiscal year, as well as continued placement of VISTA stories.

VISTA FOCUS AREAS

Mr. Hoyer: What are the major focus areas of the VISTA program in FY 86? What will they be in FY 87?

Ms. Alvarado: The major focus areas for the VISTA program in FY 86 are hunger, homelessness, illiteracy, unemployment; and issues that affect low-income youth, Native Americans, migrant workers, and disabled persons. We do not anticipate marked change in FY '87 focus areas.

Mr. Hoyer: Please provide for the record a chart indicating the 10 primary issues areas VISTA is involved in and the number of projects and volunteers in each of these areas?

Ms. Alvarado: As of March 31, 1986, the distribution of VISTA Volunteers by type of projects in the primary issue areas are:

Type of Project	Number of Project	%	Number of VISTAs	%
Literacy	110	20%	187	77%
Drug & Alcohol Abuse	77	14%	441	17%
Domestic Violence/ Child Abuse	55	10%	227	9%
Job Training and Placement	112	21%	551	21%
Homeless/Shelter	71	13%	301	11%
Runaway Youth	19	4%	130	5%
Food Banks/Food Distribution	129	24%	545	21%
Rural	193	36%	797	30%
Native American	10	2%	54	2%
Veterans	9	2%	41	2%
Disabled	46	8%	233	9%
Refugees	37	7%	185	7%

In some cases, the number of volunteers and projects are double-counted since some projects focus on more than one emphasis area.

Mr. Hoyer: How many of the current VISTA Volunteers are low income? How many of the current VISTAs are minorities? If this data still is not available, why is this case? Why isn't this type of data gathered as part of the VISTA application process?

Ms. Alvarado: VISTA currently maintains no statistics on the income level of its volunteers. Project sponsors, however, are required to determine if any volunteers fall within the official poverty income guidelines since such volunteers become eligible for career development assistance. Information regarding income status will be collected during the Fiscal Year 86 and 87 VISTA evaluation on a sampling of projects which are 2 years old.

As of 9/30/85, the racial breakdown of VISTA Volunteers was:

Black	22%
Hispanic	16%
Native American	3%
Asian	5%
Caucasian	54%

Mr. Hoyer: How does the number of low income persons currently serving in VISTA compare to the past 20 years of the program? How does the number of minorities currently serving in VISTA compare to past years?

Ms. Alvarado: As indicated in the previous question, we have no current statistics on the income levels of VISTA Volunteers.

The following is a racial breakdown of VISTA Volunteers in FY 78:

Black	14%
Hispanic	5%
Native American	2%
Asian	2%
Caucasian	77%

VISTA STAFF

Mr. Hoyer: Year after year we debate the size of the VISTA staff. How many individuals currently work for VISTA in the Washington Headquarters?

Ms. Alvarado: There are currently 9 individuals on the VISTA Headquarters staff, of whom 8 are career employees.

Mr. Hoyer: How many of the VISTA employees are career professionals with program responsibilities? Please do not include those individuals who have responsiblity for administering the volunteer health benefits program.

Ms. Alvarado: Of the 8 VISTA career employees, four professionals have program responsibility.

PART B SERVICE LEARNING PROGRAM

Mr. Hoyer: Post sequestration, what is the FY 86 budget for Service Learning Programs under Part B?

Ms. Alvarado: The FY 86 budget for Service Learning Programs under Part B is $1,309,000.

Mr. Hoyer: To date in FY 86, how much has been obligated for Part B Service Learning Programs? What percentage of the Service Learning project does this represent?

Ms. Alvarado: To date, $75,000 has been obligated for Part B Service Learning Programs, and this represents 5.7% of the service learning budget.

EMPLOYEES

Mr. Hoyer: According to your budget justification, there is proposed a reduction of 14 permanent positions in FY 87. From where are these positions being cut? How will the positions be reduced? Why is it necessary to reduce the number of employees when you are requesting an additional $776,000 in support monies?

Ms. Alvarado: We have shown in our budget justification materials that we would be adding a position to our Domestic Operations staff and would be reducing our headquarters support staff by 15 in order to reach the staffing level that will enable us to remain within our FY 1987 FTE ceiling. However, we are committed to making the reductions through attrition, so that the distribution of the reductions will actually be determined by which employees leave the Agency and which of those vacancies have to be filled in order to maintain critical services and program oversight. The reduction in personnel has been proposed in order to meet our reduced FY 1987 ceiling; our request for program support funds takes the reduction into account but also provides necessary increases for such items as travel, rents, other services, and equipment.

Mr. Hoyer: In FY 87, do you intend to maintain all of the ACTION state and regional offices? Are there any plans under consideration to close any of them down or reduce the number of employees assigned to them?

Ms. Alvarado: ACTION at this time has no plans to close any of our regional offices or to reduce the number of employees assigned to them in FY 87. We continue to review on a yearly basis the staffing needs throughout the Agency.

Mr. Stokes: How many State Director positions are currently vacant?

Ms. Alvarado: There are 2 State Program Director positions vacant in Domestic Operations.

Mr. Stokes: How many program officer positions are vacant?

Ms. Alvarado: There are 25 State Program Specialists positions vacant in Domestic Operations.

Mr. Stokes: How many, if any, of the current ACTION State Directors were Schedule B or C appointees earlier in this Administration?

Ms. Alvarado: Three of the current ACTION State Program Director's were Schedule B or C appointees earlier in this Administration.

STAFFING

Mr. Hoyer: Why does the Office of Voluntarism Initiatives with a budget of $1,724,000 in FY '86 and slated for $1,801,000 in FY '87, with responsibility for 28 grants in FY '86 and 38 in FY '87, require 17 employees in FY '86 and 16 in FY '87? How does this compare to VISTA staff with an $18M budget and responsibility for the direct support of over 2,500 full-time volunteers?

Ms. Alvarado: OVI will manage 43 projects in FY '86 and is slated to manage 55 projects in FY '87. In addition to project management responsibilities, the OVI staff is responsible for researching and developing new voluntary initiatives which test new approaches as well as replicate established program models. OVI staff also serves as liaison with other federal agencies and private organizations to provide technical assistance in exploring ways of expanding and encouraging the use of volunteers by national programs and organizations. In addition, OVI staff develops public-private partnerships that promote the use of volunteers to help in improving the delivery of services affecting the physical and economic well being of people in need through non- stipended, volunteer programs. The four programs under Part C function as the research and development and technical assistance arm of the agency. The projects funded through these programs have provided workable and effective models which have been developed and replicated by other ACTION grantees nationwide. OVI also operates ACTION's Resource Center which provides research and information on volunteer programs in direct response to requests from other agencies and organizations who desire to use volunteers.

Although VISTA has a staff of nine employees at Headquarters, the approximate 50 ACTION state directors, assisted by their state program specialists, actually manage the VISTA projects directly through ACTION's Regional Offices. Thus, due to the size of the field staff, the number of VISTA-related personnel overall is considerably larger than the number of VISTA Headquarter's staff indicates.

OAVP FUNDING

Mr. Early: In Fiscal 1985 House bill, funding increases were provided for each of the Older American Volunteer Programs, with report language indicating that at least 50% of the additional funds provided should be allocated to existing program sites. How many existing Foster Grandparent, Senior Companion, and RSVP projects received program funding increases?

Ms. Alvarado: In FGP, 23 existing projects received expansion funds to support 108 additional volunteers in FY 1985.

Eighteen existing SCP projects received a total of 210 additional Senior Companion volunteer service years for the new SCP/Homebound Elderly effort.

One hundred ninety-one RSVP projects received expansion grant increases.

Mr. Early: Also, please indicate what the average size of the grant supplement was for each of these programs, as well as the percentage of the FY85 increase that went to existing projects.

Ms. Alvarado: In FGP, the average size of the grant supplement was about $15,660 per project. Counting both the expansion grants and the stipend increases, approximately 85.9% of the increase in program appropriations in FY 1985 went to existing projects.

The average Federal supplement for SCP was $36,150. Twenty-one percent of the SCP/HE obligations was awarded to existing projects. Counting both the supplements and stipend increases, approximately 60% of the additional appropriation in FY'85 went to existing projects.

For RSVP, the expansion grant increases averaged $4,312. Fifty percent of the increase in program appropriations in FY 1985 went to existing projects.

Mr. Early: How does ACTION plan to absorb the 4.3% reduction required under Gramm-Rudman-Hollings in the Older American Volunteer Programs? Since your budget submission shows no projected decrease in volunteer service years for OAVP's, in what areas will reductions be made?

Ms. Alvarado: The Gramm-Rudman-Hollings reduction in SCP is accomplished by applying obligated but unexpended funds from FY'85 first year projects to reduce the FY'86 obligations required to maintain the planned number of volunteer service years.

Obligated but unexpended FY'85 funds were also applied to the FY'86 FGP reductions. The remainder of the Gramm-Rudman-Hollings cuts were taken out of project budgets, with the average cut being 1.6%.

For RSVP, the 4.3% required cut was reduced to 2.7% through a reduction in headquarters expenditures and FY 85 carryover funds from individual projects.

Mr. Early: What guidelines have been issued to OAVPs concerning implementation of these reductions?

Ms. Alvarado: The guidance issued to OAVP projects included a specific dollar amount to be reduced and the requirement that the impact on volunteers and volunteer service years be minimized by a requirement that reductions be made in the administrative costs, not volunteer expenses.

Mr. Early: Will all grantees be reduced by 4.3%?

Ms. Alvarado: The impact on OAVP grantees has been reduced by the absorption of a significant amount of the cuts at the headquarters level. The average cuts passed on to OAVP grantees were 1.5% for FGP, 2.7% for RSVP, and SCP grantees will not have to be reduced at all.

Mr. Early: In implementing this reduction, did ACTION give any consideration to the number of months remaining on a project grant -- to the funding cycle?

Ms. Alvarado: ACTION worked to achieve the most equitable format for OAVP project budget reductions. Consideration was given to the impact that the number of months remaining in the budget period would have on the reduction and project operations. However, the prevailing consideration was an equitable distribution and the budget period was not included in the final formula.

Mr. Early: As you know, in 1984-85, Congress provided funds to correct problems which resulted from "recycling" grants for a number of years. Is ACTION contemplating "recycling" of any OAVP grants in order to achieve the required reductions?

Ms. Alvarado: ACTION is not proposing recycling of OAVP grants to achieve the required reductions.

Mr. Early: What impact will reduction have on the ability of local OAVP projects to provide support services to OAVP volunteers?

Ms. Alvarado: The guidance to the project sponsors required that budget reductions be made in the administrative or volunteer support expenses. As such, the effects of the budget reductions could affect the projects' ability to provide supportive services. We will not know the extent of the impact until the reductions have been implemented and we have had an opportunity to assess the effects. Agency planning has sought to ensure that effects will be minimized to the extent practicable.

Mr. Early: Are the increases in the number of volunteers in FGP and SCP related solely to the new projects proposed or are you assuming some expansion in existing projects?

Ms. Alvarado: The 400 increase in Volunteer Service Years (VSYs) indicated for FGP will come from the four new grants we are proposing to fund in FY 1987.

In SCP, the increase of 100 volunteers in FY'87 results from the SCP/Homebound Elderly projects initiated in FY'85 reaching their full volunteer strength.

Mr. Early: For the record, please provide the following information for the RSVP, the FGP, and the SCP: the average grant award in FY85; the estimated average grant award under the FY86 pre- and post-sequestration levels; and your estimates for FY87.

Ms. Alvarado: The following table shows the average grant awards for each of the OAVP programs in FY 1985:

	FY 1985	FY 1986 (Pre-Seq.)	FY 1986 (Post Seq.)	FY 1987 (Est.)
FGP	$220,784	$220,784	$214,443	$220,909
RSVP	$ 39,870	$ 39,020	$ 37,700	$ 39,020
SCP	$181,856	$182,268	$174,763	$182,670

Mr. Early: Does the Agency plan to undertake any new initiatives in FY87 in any of the OAVPs? If so, would you highlight some of these.

Ms. Alvarado: The only "new initiative" that ACTION is currently focusing on is teenage pregnancy. This is a problem that has reached tragic proportions and is beginning to receive national attention. We believe that local initiatives supported by the efforts of volunteers can contribute to the resolution of this problem.

Mr. Early: Will any activities be expanded in FY87 in the RSVP, the FGP, or the SCP?

Ms. Alvarado: FGP will continue to encourage expansion of volunteer services in the areas of juvenile delinquency, drug/alcohol abuse, literacy, child abuse/neglect, and runaway youth.

As in the past, projects will be asked to do this on a voluntary basis, depending on available volunteer resources and local community needs.

IN SCP, 100 volunteers will be added to the SCP/Homebound Elderly projects when they reach full volunteer strength in FY'87.

Expansion of activities in adult literacy is planned for RSVP in FY87.

Mr. Early: The budget submission indicates that under the FY86 enacted appropriation $29,271,000 would support 378,000 volunteers. It also indicates that in FY87, you plan to support 383,000 volunteers, an increase of 5,000 over the FY86 enacted level, with same amount of funds ($29,271,000). How do you propose to accomplish this?

Ms. Alvarado: Projected increases in number of volunteers are based on what individual RSVP sponsors project for the year ahead in their RSVP grant applications. They are added by each ACTION Regional Office and submitted to ACTION as part of the Current Year Operating Plan, for which the national projected total is drawn. Increased local support of RSVP project budgets is, perhaps, the best fiscal explanation of increased numbers of volunteers with level federal funding.

Mr. Early: To what extent are RSVP's involved in literacy education efforts?

Ms. Alvarado: Out of 750 RSVP projects nation-wide, 368 RSVP have 13,300 RSVP volunteers engaged in literacy education activities.

LITERACY

Mr. Early: To what extent does ACTION coordinate its efforts in this area with the Department of Education?

Ms. Alvarado: ACTION consults with the Department of Education to obtain information that will be of use to local RSVP projects. In January, ACTION co-sponsored with the U.S. Department of Education and four State Departments of Education a Northwest Conference on Volunteers in Adult Literacy in Seattle.

Mr. Early: Do RSVP projects coordinate their efforts with state and local education agencies?

Ms. Alvarado ACTION coordinates its efforts with local educational agencies; less often with state agencies. Typically, RSVP project directors develop Memorandums of Understanding with local education agencies for the purpose of developing volunteer placements as tutors, aides, etc.

Mr. Early: Would you tell us about your cooperative effort in adult literacy with Laubach Literacy Action and B. Dalton Booksellers.

Ms. Alvarado: In FY'85, ACTION entered into a public/private partnership with B. Dalton Bookseller, Inc., Laubach Literacy Action, and the National Association of RSVP Directors for the purpose of increasing RSVP activity in adult literacy.

Both ACTION and B. Dalton funded Laubach to:

- make seed grant awards (between $1,200-$5,000) to RSVP projects interested in adult literacy;

- provide technical assistance to all RSVP projects interested in this area.

Almost 200 RSVP projects applied for the seed grants. Out of these, 23 awards were made. Additionally, all of the projects that applied for grants formed the core of the RSVP National Literacy Network. They receive technical assistance from Laubach.

Mr. Early: Do we have any idea of how successful this RSVP effort has been -- how responsive individuals have been?

Ms. Alvarado: Progress on the literacy project partnership:

- The 23 RSVP projects which received seed grants from Laubach Literacy Action reported that, after the first three months of literacy incentive grant funding, 375 RSVP volunteers were working with over 600 adult learners.

- 265 RSVP projects are part of the RSVP National Literacy Network which Laubach is developing.

- Laubach has developed written technical assistance materials to assist RSVP directors in adult literacy, most significantly a "National Literacy Resource Directory for RSVP Directors." This was distributed to the Network.

Negotiations are underway to arrange for a second-year funding.

OAVP GRANTS

Mr. Early: In FY87, ACTION is proposing to fund four more projects and 400 more volunteer service years than in FY86. This is also an increase of 3 projects and 400 service years over the FY86 pre-sequestration level. Yet, the amount allocated for grants in FY87 is only $52,000 more than would have been available in FY86 prior to sequestration. In light of the original FY86 estimates, how do you plan to achieve these increases?

Ms. Alvarado: In implementing the 20-cent stipend increase in FGP, a number of grants were funded more than the usual 12 months for which they're ordinarily awarded. This was done because funding periods vary from project to project. The savings realized when these grants were funded at the regular 12-month budget period will be used to fund the additional projects and volunteer service years.

Mr. Early: The budget justification indicates that, for FY86, ACTION had planned to allocate funds for one new grant and for augmentation of a number of existing grants. How many existing grantees would have received increases were it not for sequestration?

Ms. Alvarado: If the Gramm-Rudman-Hollings Bill had not been enacted, 23 existing FGP grantees would have received additional funding to increase their volunteer service years.

FOSTER GRANDPARENTS

Mr. Early: This year is the 20th Anniversary of the Foster Grandparent Program. What would you consider the major accomplishments of this program?

Ms. Alvarado: FGP has been highly successful in accomplishing its primary goal of providing low-income elderly service opportunities for addressing specific community needs. It has also proven that the love and caring provided by a corps of dedicated older volunteers, most of whom have had no professional background, could play a significant role in improving the lives of less fortunate children.

Mr. Early: Has the program changed much over this period and, if so, in what way?

Ms. Alvarado: The primary purpose of FGP, as mandated by our authorizing legislation, has not changed in the 20 years that the program has been in operation. Amendments to the DVSA over the years modified certain aspects of the program, such as: allowing service to continue beyond age 21 when the child served is mentally retarded, and, increasing volunteer stipends from $1.60 to $2.00 in 1978, and to $2.20 in 1984.

REAUTHORIZATION LEGISLATION

Mr. Early: I understand that ACTION is planning to use non-stipended volunteers in the Foster Grandparent and Senior Companion Programs. Is this correct?

Ms. Alvarado: The Administration authorization bill contains a proposal to permit non-low-income individuals to serve as non-stipended Foster Grandparents or Senior Companions. The basis of the proposal was requests that the Agency received from older persons who wanted to volunteer as Foster Grandparents or Senior Companions but were prevented from doing so by the low-income eligibility requirement.

Mr. Early: Since FGP and SCP were designed to serve the needs of low-income volunteers, and RSVP was established for non-stipended participation, why is ACTION proposing to use non-stipended volunteers in the FGP and SCP? (a) Why not further expand participation in RSVP?

Ms. Alvarado: Many of the older persons who inquired about becoming FGP or SCP volunteers were specifically interested in those programs and what they do. Nevertheless, in areas where RSVP is involved with home health care or assistance to at-risk youth, we will continue our practice of referring interested individuals to RSVP. Our proposal provides a much needed augmentation of volunteers in the programs at no additional expense to the federal government and it in no way detracts from or reduces our commitment to the low-income, stipended volunteers.

Mr. Early: I have heard from some OAVP programs that it would be virtually impossible, and unreasonable, to enforce a 20-hour per week commitment from non-stipended volunteers. Do you agree with this?

Ms. Alvarado: Since we do not have operational experience with the non-stipended FGP or SCP, we cannot assert with certainty how many will initially volunteer for 20 hours per week. We do feel that there is considerable potential that can be nurtured and developed by project sponsors and staff who are inclined to do so. We do have RSVP volunteers who volunteer in excess of fifty hours per week.

Mr. Early: To what extent does the increase in volunteer service years in FGP and SCP reflect the use of non-stipended volunteers?

Ms. Alvarado: The increase in volunteers relates solely to the projects initiated in FY'85 attaining full volunteer strength in FY'87. These volunteers are all low-income, stipended volunteers.

The increase in volunteer service years in FGP and SCP does not reflect use of non-stipended volunteers.

Mr. Early: Why are you proposing to increase the local match requirement for RSVP from 30% to 50%?

Ms. Alvarado: In response to federal budget constrictions, ACTION has requested a restoration of the maximum local support requirement of 50% to help local RSVP sponsors maximize local support.

Mr. Early: Won't this create a hardship for RSVP projects, particularly since competition for local and private resources is now greater? Almost every other agency that has come before this committee has told us that their program participants can seek greater resources or offset reductions in federal funds by going to state, local and private resources.

Ms. Alvarado: The Administration proposal provides that implementation of higher local matching requirements is within the discretion of the Director and would likely be on a case-by-case basis, taking into account the potential for non-federal support from the local area. When warranted by local circumstances, RSVP projects would retain the 30% matching level.

Mr. Early: Wouldn't this serve as a disincentive to greater involvement by local resources on whom RSVP projects rely?

Ms. Alvarado: It did not serve as a disincentive while the 50% maximum requirement was on the books between 1975 and 1985.

Mr. Early: Do you think this will hamper ACTION's new initiative placements in non-traditional types of sites?

Ms. Alvarado: I do not believe that it will.

Mr. Early: Ms. Alvarado, I understand that the Administration's version of the Domestic Volunteer Service Act Amendments of 1986 proposes the creation of a preamble for ACTION emphasizing ACTION's role in fostering and expanding volunteer service, encouraging public and private sector partnerships and coordinating its efforts with other federal agencies.

The first paragraph of your letter accompanying the FY 87 budget submission states the above as ACTION's mission. However, it does not mention programs that: assist those in poverty such as the VISTA program, serve disadvantaged populations such as the Foster Grandparent Program, and meet the needs of vulnerable population such as the Senior Companion Program. Why the lack of emphasis on these programs?

Ms. Alvarado: There is no intention to de-emphasize the importance of VISTA, the Foster Grandparent Program, the Senior Companion Program or the Retired Senior Volunteer Program which have served this country so long and so well. These programs have been in place for many years, are functioning smoothly under ACTION's administration, and have continued to provide services to the poor, the disadvantaged and the vulnerable in our society. These programs have and will continue to provide the basis for ACTION's efforts to promote voluntarism on a broad scale, encourage the close cooperation between the public and private sectors, and coordinate with other federal agencies to assist communities in finding solutions through voluntarism to local problems.

Mr. Early: Is it your intention to promote voluntarism in a more general sense in lieu of promoting ACTION's own volunteer programs?

Ms. Alvarado: It is ACTION's intention to continue to promote our statutory programs and to use them as a basis for the promotion of voluntarism in general. Although there are nearly 400,000 ACTION sponsored volunteers whose collective national impact is impressive, they represent only a small percentage of the total number of volunteers in the nation. Nevertheless, significant community problems remain which voluntary efforts can solve or alleviate. We believe that ACTION, as the federal volunteer agency, can and has an obligation to share the expertise and knowledge it has accumulated in the over fifteen years of managing national volunteer programs with local people and organizations who seek to assist their own communities.

Mr. Early: Your letter accompanying the FY 87 budget submission states "voluntarism is one viable alternative to addressing social problems for which Federal dollars are being reduced. ACTION has the responsibility of taking the lead in assisting at the local level to make voluntarism a more potent force in accomplishing this goal."

Are you saying that the federal government should turn over to the private sector and the voluntary community the responsibility for supporting and maintaining in part or whole programs up until now supported with appropriations?

Ms. Alvarado: We are saying that ACTION programs must continue to be supported in cooperation with the private sector. This is not new. The Older American Volunteer Programs have always been highly successful in raising funds in amounts beyond the required local match. VISTA projects as a rule are designed so that a problem is solved within three years or the community assumes full responsibility for the effort. It is also true that because the number of organizations and groups seeking assistance from ACTION is greater than the funds available, it will always be necessary to explore new methods by which the programs can be made more cost-effective, more equitably distributed among deserving communities and replicated in areas where they do not now exist.

Mr. Early: Is it correct that currently the Director of ACTION only has the authority to receive -- but no authority to solicit -- money or gifts for use in furthering the purposes of the D.V.S.A.? Why are you as Director seeking legislative authority to solicit funds from profit and non-profit entities?

Ms. Alvarado: Currently, the Domestic Volunteer Service Act of 1973, as amended, provides in Section 402(5), that the Director may "accept in the name of the ACTION Agency, . . . any money or property, real, personal or mixed, . . . received by gift . . ." The authority has been interpreted by the Office of General Counsel to allow for the receipt of unsolicited gifts, but does not authorize the Agency to initiate contact with the private sector to augment ACTION's appropriated funds. The proposed legislative authority is sought to expand ACTION's ability to fulfill its mission to serve human and community needs through volunteers.

Mr. Early: At a time of cutbacks in so many social programs that are causing great stress for community-based organizations, why is ACTION proposing to compete with these groups for what already are scarce available resources? Won't this hurt, rather than help, some of the very organizations and groups ACTION is intended to assist?

Ms. Alvarado: We do not anticipate that there will be any conflict with other organizations seeking private sector contributions. Any efforts of ACTION's would be structured to ensure that there is proper coordination to avoid any conflict with local sponsoring organizations.

Mr. Early: The largest Older American Volunteer Program, RSVP, requires a local match and the Administration's Bill is proposing to significantly increase this matching requirement. How do you respond to the concern I've heard that ACTION would be directly competing with RSVP projects for private sector funding that they under law are mandated to raise?

Ms. Alvarado: Currently, the law provides, that within the discretion of the Director, an RSVP project may be required to match 30% of the federal grant in the third or later years of funding. The Administration bill proposes that this be amended to allow, within the Director's discretion, that projects be required to match 40% in the fourth year and 50% in the fifth or later years. This amendment would allow for greater flexibility of the Director in encouraging self-sufficiency of the projects, as originally intended when RSVP was created.

Mr. Early: If granted the authority to "develop the commitment of private sector resources," would all money raised under such authority be used exclusively in direct support of existing ACTION programs and volunteers? (a) How and by whom would funds be solicited, and for what specific purposes would they be solicited? (b) Can you give us an idea of how such funds would be distributed, who would determine the allocation of such funds, and what the criteria would be for receiving such funds?

Ms. Alvarado: The language of the proposed amendment requires that the private sector resources may be used only for support of existing or proposed programs under the Act. If enacted, this would be an additional express authority of the Director and the specifics of who and how the private sector resources would be sought, would be within the discretion of the Director to prescribe and delegate. Any private contributions would be distributed in strict conformity with the Act using equitable principles of distribution.

Mr. Early: Are you planning to reduce the ACTION Agency's budget or any program budgets for which funds are appropriated if you receive this authority?

Ms. Alvarado: No, this additional authority is not intended in any way to supplant or reduce the Agency's budget.

Mr. Early: I understand that you recently recreated the National Volunteer Advisory Council. Currently, is the Advisory Council involved in any way in soliciting in-kind or financial contributions from the private sector? If so, please detail their involvement in this area.

Ms. Alvarado: No, the National Volunteer Advisory Council is not involved in soliciting in-kind or financial contributions from the private sector. However, some members of the Council, being aware of the gift provisions of the DVSA, have initiated individual efforts, independent of the Council or the Agency, to develop a Public Service Announcement for the promotion of volunteer efforts.

Mr. Early: If you are granted the authority to solicit private sector funding, is it your intention to use the Council for fundraising purposes?

Ms. Alvarado: No, the Advisory Council was created under the Federal Advisory Committee Act which provides that the purpose of an advisory committee is to advise.

VISTA VOLUNTEERS

Mr. Early: Dr. Derek Bok, the President of Harvard and one of the founders of the Project for Community and Public Service, a consortium of 100 University Presidents, formed to encourage and support voluntary and community service among college students, recently testified in support of the expansion of the VISTA program and the need for more opportunities for VISTA service by young people. Currently, what type of recruitment efforts are VISTA/ACTION conducting on college campuses? What are your plans for FY 87? What percentage of VISTA Volunteers in FY 85 were recruited from college campuses? How many individuals beteween the age of 18 and 25 currently serve as VISTAs?

Ms. Alvarado: Some VISTA project sponsors recruit potential Volunteers on college campuses in order to fill skill requirements not available in the local area. ACTION State Staff also make presentations on college campuses to discuss opportunities for VISTA service. We have no statistics on the percentage of VISTA Volunteers recruited from college campuses in FY 85.

ACTION and Peace Corps are currently holding discussions on the feasiblity of some joint college campus recruitment during FY 87. A decison will be reached shortly.

Sixteen percent of the current 2,630 Volunteers are between the ages of 18 and 25.

Mr. Early: Do VISTA Volunteers today have a sense that they are a part of a national 2,500 volunteer corps or is their affiliation nearly exclusively with the local sponsoring organization to which they are assigned?

Ms. Alvarado: Because the majority of VISTA Volunteers are locally recruited by their sponsoring organizations, it is natural that their immediate identification is with the organization to which they are assigned. However, all volunteers have an understanding of VISTA, its importance, and the contribution each volunteer makes to VISTA's program goals.

VISTA will be taking steps in volunteer training sessions in FY 87 to ensure that a stronger sense of program identity is instilled.

Mr. Early: According to a recent survey conducted by Friends of VISTA of all VISTA hunger projects, 53% reported difficulty in recruiting volunteers at the local level with the ~~specific~~ qualifications necessary for their project, 88% said media/public awareness efforts in support of VISTA and their local projects would be beneficial, 80% wanted additional training and training materials, 72% said they'd be greatly helped by volunteer recruitment campaigns on campuses, at senior centers, community based organizaions or voluntary agencies, and 65% said they would benefit from ACTION assistance in referrals of prospective volunteer applicants.

Mr. Early: What are your comments on these findings? Do you have any surveys or evaluations that dispute these findings?

Ms. Alvarado: ACTION's state offices have generally reported a high degree of satisfaction on the part of existing VISTA project supervisors with the calibre of locally recruited VISTAs. Although we have not conducted formal surveys or evaluations to verify the findings made in the survey conducted by the friends of VISTA we have taken the following steps in support of our ACTION field staff and VISTA projects:

a. discussions are currently underway with Peace Corps on the potential for joint VISTA/Peace Corps recruitment activities on college campuses;

b. VISTA recruitment brochures and posters have been distributed to all ACTION field staff and VISTA sponsors for wide public display in local communities;

c. technical assistance manuals dealing with private sector fundraising, recruitment of community volunteers, and generating publicity for VISTA projects have been distributed to VISTA sponsors and volunteers;

d. VISTA Headquarters and ACTION State and Regional Offices refer potential VISTA applicants to projects in their area of residence or areas of interest.

Mr. Early: Please detail for the record the type of networking and information sharing that exists amongst VISTA projects throughout the country working in the same issue area such as hunger.

Ms. Alverado: Networking and information sharing in the same issue area are done regionally among projects and volunteers at statewide and regional training sessions. In instances where a national organization, e.g. Literacy Volunteers of America, has VISTAs serving with its affiliates throughout the country, the national organization often fosters networking through a newsletter, conferences, or exchanges of general technical assistance material.

VISTA FOCUS AREAS

Mr. Early: How many VISTA Volunteers and projects in FY 86 are addressing the problems associated with hunger? How many do you anticipate for FY 87?

Ms. Alvarado: As of March 31, 1986, there are 545 VISTA Volunteers on 129 projects providing services in the area of food/hunger. We anticipate that during FY 87, these figures will be maintained.

Mr. Early: Please update the chart you provided for the record last year indicating the number of VISTA Volunteers and projects working in the areas highlighted in the 1984 amendments (hunger, homelessness, illiteracy, unemployment, low income youth) as well as the number working in poverty populations specifically named in Sec. 103 (a) of the Act.

Ms. Alvarado: Based on the 542 projects operating and 2,631 volunteers on board as of March 31, 1986, the areas highlighted in the 1984 amendments and Section 103(a) of the Act are as follows:

Hunger	129 projects (24% of the total) 545 volunteers (21% of the total)
Homelessness	71 projects (13%) 301 volunteers (11%)
Illiteracy	110 projects (20%) 187 volunteers (7%)
Unemployment	112 projects (21%) 551 volunteers (21%)
Low-Income Youth	187 projects (35%) 888 volunteers (34%)
Native Americans	10 projects (2%) 54 volunteers (2%)
Migrants	5 projects (1%) 31 volunteers (1%)
Handicapped/ Mentally Ill	46 projects(8%) 223 volunteers (9%)

In some cases, the number of volunteers and projects are double-counted since some projects focus on more than one emphasis area.

Mr. Early: Can you give us any idea of the extent to which local VISTA projects coordinate thier activities and efforts in related areas such as hunger and the homeless?

Ms. Alverado: Networking and information sharing in the same issue area are done regionally among projects and volunteers at statewide and regional training sessions. In instances where a national organization, e.g. Literacy Volunteers of America, has VISTAs serving with its affiliates throughout the country, the national organization often fosters networking through a newsletter, conferences, or exchanges of general technical assistance material.

Mr. Early: Does ACTION provide any assistance in helping to coordinate such efforts on a national level?

Ms. Alvarado: Under current budget constraints, we are unable to do programmatic networking above the Regional level. We do, however, provide ACTION field staff with information on especially outstanding projects around the country in specific issue areas. They often share this information with sponsors working on the same issue in their own State or Region.

VISTA PROJECTS INSTITUTIONALIZED

Mr. Early: The last study conducted in the 1970's on the institutionalization of VISTA projects showed that over 70% of all VISTA projects were continued once VISTA assistance was phased out. Do you have any current data indicating the percentage of VISTA projects successfully institutionalized? When do you intend to have such data?

Ms. Alvarado: Although no recent data exists on the percentage of VISTA projects which have been successfully institutionalized, ACTION's Evaluation Division is currently working on a new evaluation instrument, scheduled to be implemented in the Fourth Quarter of FY 86, which will measure the degree to which a sample of current second-year VISTA projects have "institutionalized" VISTA activities by the time they reach their third year of operation. The same sample of VISTA projects will be revisited by evaluators in the Fourth Quarter of FY 87 with results reported after that time.

GRANT APPROVAL

Mr. Early: Are all VISTA projects still required to be approved by the Washington Headquarters? Does this apply to renewal projects as well as new projects? Please provide a chart starting in the fiscal year that headquarters approval became a requirement, showing the number of days required for a final decision on a VISTA application from the time the application was first submitted to the State Office to the time it was approved or disapproved by Washington.

Ms. Alvarado: As of September, 1985, approval authority was delegated to ACTION Regional Directors for VISTA projects in their second or third year of operation, as well as expansion requests of fewer than five volunteers. All other project applications must be submitted to the Director of VISTA for final decision.

Since FY 81, the time frame for approval of project applications was as follows:

State Office - Project application submitted 115 days prior to beginning of proposed project period.

Regional Office - Project application submitted 80 days prior to beginning of project period.

Director of VISTA Office - Project application submitted 60 days prior to beginning of project period.

We have made great strides in cutting down the length of time of the approval process during the past 16 months.

Thus, under the VISTA program guidelines, which became effective in September, 1985, the Director of VISTA must approve all projects submitted within 45, rather than, 60 days.

YOUNG VOLUNTEERS IN ACTION

Mr. Early: Last year the Committee was told that a formal evaluation of YVA was underway and data on the program previously unavailable was being collected. Please provide for the Record a copy of the 1985 evaluation of the Young Volunteers in ACTION program.

Ms. Alvarado: A copy of the "Young Volunteers in ACTION: Goal Accomplishment and Perceived Outcomes Evaluation; Supplemental Site Visit Report" is provided for the Record. The report will be completed by June 1986. A copy of it will be submitted to the Library of Congress, Congressional Research Service.

Mr. Early: Since the program's inception in FY 81, how many YVA grants completed the maximum 2 year funding cycle? How many of these were able to generate adequate private sector support to maintain the YVA program once the 2 years of ACTION support was completed?

Ms. Alvarado: We estimate that one-third of YVA's funded by ACTION in the past are functioning independently, or may have been integrated into an existing community organization, such as a Boys/Girls Club, Voluntary Action Center, or school volunteer program.

YOUNG VOLUNTEERS IN ACTION

GOAL ACCOMPLISHMENT AND PERCEIVED OUTCOMES EVALUATION

SUPPLEMENTAL SITE VISIT REPORT

ACTION
Office of Policy and Planning
Evaluation Division
April 1985

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EXECUTIVE SUMMARY

This YVA report is the second report to examine the Young Volunteers in ACTION (YVA) Program. The information contained in this report was obtained from three site visits conducted in April 1983 and supplements a telephone survey conducted in November 1982 and published in December 1983.

The purposes of this evaluation were (1) to obtain on-site information on the accomplishment of YVA national goals, and (2) to obtain on-site information on the benefits that have accrued to YVA volunteers, YVA work stations, recipients, and YVA communities.

The evaluation used a case study methodology. Evaluation teams spent one-week each at three YVA sites: Alexander City, Alabama; Gainesville, Florida; and New Orleans, Louisiana. A total of 153 open-ended interviews were conducted by the evaluation teams. While there were general areas and related guidelines for the interviews, the specific content and questions varied for each interview and for each site.

The evaluation team members interviewed YVA volunteers, supervisors of volunteers, recipients of volunteer service, community members (persons such as teachers, parole officers, directors of community programs, and volunteer coordinators), and YVA and sponsor staff and volunteers

FINDINGS

Each project's use of YVA volunteers and perceived effects are described in the body of the report and the appendix.

Each YVA project had its own specific focus.

- In Alexander City the primary focus was to change the attitudes of youth about volunteerism. This project stressed helping the community as well as helping each other by sending volunteers to places where there was a real need.

- In Gainesville the primary focus was on the recruitment of young volunteers and extending the VAC's ability to recruit youth for volunteer work.

- In New Orleans the primary focus was on development of the youths' attitudes and values, especially preparation for jobs and responsibility. There was also a focus on one particular area of the city for both volunteers and recipient groups.

CONCLUSIONS

Goal Accomplishment

Goal 1: to mobilize the efforts of full or part-time students, ages 14 - 22, in a focused and effective way as volunteers.

There was generally good accomplishment of this goal. A large number of 14 - 22 year old students were mobilized to perform volunteer work. Supervisors generally reported the volunteers to be effective workers, with some being very effective and motivated.

Goal 2: to provide part-time or short term service-learning.

There was strong accomplishment of this goal at all three sites. Many volunteers reported using volunteer service for career exploration. Many job skills and references for resumes were developed by volunteers.

Goal 3: to strengthen and supplement efforts to eliminate poverty and poverty related human, social and environmental problems.

There were very different findings at each site. There was moderate accomplishment of this goal at one site, poor accomplishment at another, and very stong accomplishment at the third site.

Goal 4: to create a sense of self-worth and civic pride.

There was strong accomplishment of this goal at all three sites. Many volunteers reported feeling proud of their accomplishments. A number of volunteers said that they felt important and needed, often for the first time in their lives.

Perceived Effects

The primary effects appeared to be with the YVA volunteers. The learning of new skills through service, the testing of possible career choices, and experiencing a job-like situation for the first time were consistently mentioned by all types of respondents at each of the three sites as positive effects.

The work stations and the field of volunteerism at these three sites were also benefitting from YVA. YVA made available for service more volunteers than had previously been available.

INTRODUCTION

The YVA Site Visit Report is the second report to examine the Young Volunteers in ACTION (YVA) Program. This effort supplements a telephone survey conducted in November 1982 and published in December 1983. The information contained in this report was obtained from three site visits conducted in April 1983.

The purposes of this evaluation were (1) to obtain on-site information on the accomplishment of YVA national goals, and (2) to obtain on-site information on the benefits that have accrued to YVA volunteers, YVA work stations, recipients, and YVA communities.

Young Volunteers in ACTION Program

The Young Volunteers in ACTION Program was begun in 1981 under the authority of Title I, Part B of the ACTION Agency. The YVA program lets grants to qualified federal, state, local agencies, or private non-profit organizations.

The YVA program is described as follows in the YVA guidelines that were published in the Federal Register on August 12, 1982:

> "This program intends to mobilize the efforts of full or part-time students, ages 14 - 22, in a focused, effective way to respond as volunteers to work on a part-time, non-stipended basis. The purpose and objectives of this program are:
>
> To provide for a program of part-time or short term service learning by secondary, secondary vocational, and post-secondary students and to strengthen and supplement efforts to eliminate poverty and poverty related human, social and environmental problems while creating a sense of self worth and civic pride."

ACTION provides 90% of the funding in the first year and 75% in the second. The funding period is a maximum of two years, the expectation being that the local project will find its own resources at the conclusion of federal funding. Twelve grants were let in 1981, and an additional 63 were let in 1982.

Evaluation Approach

The evaluation used a case study methodology. This methodology is particularly good for new and developing programs such as YVA. While this method does not obtain information that is random and generalizeable to the entire program, it obtains in-depth information at several sites.

While there were general areas of questioning and related guidelines for the intervierers, the specific content and questions varied for each interview and for each site. The interviews generally covered volunteer activities, perceived effects, demographics, and volunteer job development. A total of 153 open-ended interviews were conducted by the evaluation teams -- 56 in Alexander City, 48 in Gainesville, and 49 in New Orleans.

The YVA director and Evaluation Division personnel selected the three YVA projects to be examined by site visits. The three sites were generally considered to be active and successful YVA projects which utilized differing models, approaches, and geographic settings. The three YVA projects were located in New Orleans, Louisiania; Gainesville, Florida; and Alexander City, Alabama. The New Orleans YVA was urban, the Gainesville YVA was in a medium sized city, and the Alexander City YVA was mostly rural. The New Orleans YVA was in the first year of funding, and the other two were in their second year of funding.

Each project was visited for one week during April 1983 by a two-person evaluation team. At the project, the evaluation team worked with each YVA director to identify the YVA stations where interviews would occur. The stations visited were generally those the project directors considered their more active and successful work stations and those that reflected ACTION priority programming areas and project emphasis (e.g., runaway youth, drug use prevention, literacy, crime prevention, Vietnam Veterans, and refugee resettlement). The total number of stations depended upon availability of persons for interviews.

The evaluation team members interviewed YVA volunteers, supervisors of volunteers, recipients of volunteer service, community members (persons such as teachers, parole officers, directors of community programs, and volunteer coordinators), and YVA and sponsor staff and volunteers.

Report Structure

The findings of this report are divided into three sections, one for each site visited. Each site description contains the following subsections: background and description of the project; volunteer and volunteer recruitment; and the primary effects observed at the project site. The conclusions section examines the implications of the individual project findings on the YVA national goals and discusses the primary effects for all three sites visited. The appendix contains descriptions of volunteer workstations, activities, and recipients.

FINDINGS: ALEXANDER CITY, ALABAMA YVA
ALEXANDER CITY COMMUNITY COLLEGE

Background and Description

The Alexander City project was concentrated in two rural Alabama communities: Sylacauga, population 21,000, and Alexander City, population 15,000. The project also placed volunteers in the rural areas of Tallapoosa County. Alexander City was primarily a mill town and Sylacauga was developing into an industrial and agricultural center in Alabama.

Alexander City State Junior College, a two-year institution, was the sponsor organization of both the YVA and an established RSVP project. The interaction between senior citizens and the young volunteers was important at this project, and the two programs had participated jointly in many projects.

The YVA project in Alexander City was one of the 12 original YVA demonstration projects activated in December 1981. The college applied for a YVA grant because there were no other existing youth programs that incorporated volunteering with gaining career experience. The YVA office was located on campus. It was staffed by a project director, two VISTA volunteer coordinators (one for Alexander City and one for Sylacauga), and a part-time secretary. The volunteer coordinators recruited volunteers and stations. One coordinator stated that one goal was to teach the YVA's to be responsible and to comprehend their obligation to the station.

The project director stated that the fact that she was from the community was very helpful to the project. She was the second project director, and apparently the lack of familarity with the community had been a hinderance to the first director.

The YVA in Alexander City emphasized filling a community need with a volunteer whose career interests coincided with that need. The project director stated that YVA would like to change the attitudes young people have about voluntarism. It stressed the importance of neighbor helping neighbor and friend helping friend. The director said she believed that "if people start volunteering when their young, they'll do it when they're older".

Volunteers and Volunteeer Recruitment

Recruiting at the college and local high school had been the best method of recruiting volunteers. YVA staff members made announcements over the P.A. system and used the guidance counselor's office to inform and meet prospective YVA volunteers. Students enrolled in YVA and filled out an information sheet saying what their interests were. In choosing stations the director said she tried to think of a variety of things for students to do in different fields.

Other methods of recruiting included city clubs where adults heard about YVA and told their children, T-shirts, posters, word-of-mouth and through the efforts of the advisory council. The project director had added people to her advisory council who would spread the word. A YVA Recruitment Week proclaimed by the mayor also proved to be a success. The greatest number of volunteers were people not involved in other organizations.

The YVA volunteers often put in more hours than the required eight hours per month. Hours were counted at the station where volunteers kept a daily record of their hours on a time sheet. Every volunteer interviewed did their volunteer work at least weekly and indicated that their volunteer work related to their career interests.

There had been 340 active volunteers the previous year. At the time of the on-site evaluation, the project director said there were 172 active volunteers. Many volunteers had graduated or gone to work. During the previous quarter there had been 19 active volunteer stations from a total of 49 stations. The director had no accurate statistics on volunteer demographics.

Young volunteers in the Alexander City project strongly identified with YVA. Visibility within the community could be documented by the fact that organizations such as the National Kidney Foundation were calling YVA rather than the reverse. YVA also received increased visibility through a monthly news column in the city newspaper and through the circulation of their own YVA newsletter. RSVP had also given them a natural built-in tool for-publicity. Staff members felt that it had taken a while to build this awareness and that they were just beginning to develop the level of community interest they wanted.

Primary Effect

The primary effects of this program were seen in the volunteers themselves. Many volunteers were learning the benefits that come from volunteering. As one volunteer said, "Doing my volunteer work has helped me be able to know how to help people." Personal satisfaction was also evident among the YVA's. For example, one youth remarked, "When people ask me to do things, it makes me feel proud to do it." Another YVA stated, "I have learned more about my career through my volunteer work."

Some low achievers with a poor self image became enthusiastic, positive achievers. One volunteer said, "My volunteer work has encouraged me to be somebody and make something of myself."

Another said, "My volunteer work has helped me decide what I wanted to do after graduation. I will go on to graduate school." A volunteer supervisor reported that young people who had problems had become effective problem solvers and in turn had a strong influence on their fellow students. For example, one young person in YVA had overcome severe emotional problems and now assisted the community in various ways.

The youths' participation as YVA's gave them an opportunity to clarify personal goals and allowed them to gain important work experience. Many young volunteers learned to be more comfortable around people, overcame shyness and increased their self confidence. One of the volunteers said that working as a YVA had helped him decide to go on to college. Another said, "YVA helped in getting a job, experience, references and training."

The effects on the stations and recipents were also noteworthy. One volunteer supervisor reported, "because of YVA our station runs more effeciently and staff members are free to handle other duties. Recipients are given more time and caring than ever before." Another supervisor added that in their station recipients received more personal attention and that the whole atmosphere was "brighter and happier" sinc. the YVA's had begun participating.

The community was also feeling the impact of the YVA program. One community member stated, "it is evident that YVA's are more civic-minded and more interested in improving the community through voluntarism." Community members reported that YVA volunteers provided services that otherwise couldn't be provided, and that YVA was greatly benefitting the community.

FINDINGS: GAINESVILLE, FLORIDA YVA
VOLUNTEER ACTION CENTER (VAC) OF ALACHUA COUNTY

Background and Description

The Young Volunteers in ACTION program in Gainesville was located in the Volunteer Action Center (VAC) of Alachua County, a United Way agency. This YVA project was one of the original YVA projects and was one and a half years old at the time of the site visit. Gainesville is a medium size town in central northern Florida whose population is primarily middle and upper middle income. The University of Florida is the largest employer.

The YVA office was housed in the VAC office. The VAC office consisted of a reception area, a large office for three employees, a conference room, an interview room, and an office for the VAC director. YVA at one time had an office on the University of Florida campus, but that office had since been closed.

The primary function of the VAC was to recruit volunteers for Gainesville and surrounding Alachua County. The YVA project had allowed the VAC to increase its staff. These staff members in turn worked exclusively to increase the VAC's recruitment and placement of young volunteers.

The site visit occurred at a time when activity on this project was very low. The YVA director had recently resigned to take another job, and the VISTA volunteers who had been working on the project had finished their service. The local college and university were just about to finish the spring semester, and the college students were about to leave the area for the summer.

There had been as many as four VISTA volunteers working on the grant, but they had not been replaced at the end of their one year of service. At the time of the site visit the VAC director and three staff members worked part-time on the YVA grant. The staff interviewed potential volunteers, called the volunteers for the number of hours they worked, gathered information for reports, and other clerical activities. The primary responsibility of the YVA director had been to find volunteer stations and recruit YVA volunteers.

Volunteers and Volunteer Recruitment

At the time of the site visit the majority of the volunteers were college students. Generally the volunteer positions related to the volunteer's college major or career field, or was used for class credit. A number of students said that volunteering presented a good opportunity to decide on their careers. The majority of the YVA volunteers were interested in the humanities, child development, criminal justive, and sociology.

Most of the recruitment of YVA volunteers was through ads in the university paper. Individual recruitment had occurred on the univerity campus when YVA had an office in the student union.

Earlier in the project there had been an emphasis on high school recruitment and placement, but this had for the most part ended with the departure of the YVA director. The YVA director had spoken to high school classes and assemblies and found that approach a useful method although recruitment had been less successful with high school students than with college students. This project also used many group, one-shot volunteer activities in addition to longer-term individual placements.

The majority of the YVA placements were with projects already using volunteers. The YVA work stations generally fit into and expanded existing volunteer activities and work stations. The VAC did not differentiate YVA placements from other volunteer placements and used the same list of volunteer openings for YVA recruits that they used to place other volunteers.

There was little recognition of the YVA program in Gainesville. The YVA volunteers identified with either the VAC or the work site. Many volunteers didn't know they were YVA volunteers. One YVA volunteer said, "I didn't know I was a YVA until they gave me a T-shirt." The work site sponsors often weren't aware of YVA either. One sponsor said in response to a question about the YVA volunteers, "they must be the kids from the VAC".

Primary Effects

The two primary benificiaries of YVA at the Gainesville site were the sponsor (the VAC) the YVA volunteers. It was difficult to discern YVA effects on the community or the work stations since Gainesville already offered many volunteer opportunities, and most of the volunteer work stations were on-going stations that used many volunteers who were not with YVA.

YVA had increased the VAC's ability to focus upon youth as volunteers and recruit youth for volunteer work stations. The YVA grant had allowed for additional staff to spend full time on the recruitment and placement of youth volunteers. Several VAC personnel stated that they had wanted, before YVA, to increase their attention to youth but never had the time or the staff. The VAC director stated that YVA was a good long-term project to strengthen volunteering.

YVA had not necessarily increased the number of volunteer opportunities, but had increased the number of young volunteers by an active recruitment campaign. It also increased youths' awareness of volunteer opportunities and increased the stations' awareness of youth volunteers.

The primary effect on the youth appeared to be career exploration, especially for college students who had initially decided upon careers in social service. One VAC staff person stated, "we stress the value of career testing and exploration." A YVA supervisor stated, "YVA provides a mechanism to give the students practice in skills that were taught in the classroom." One YVA volunteer stated, "I wanted to find out if I wanted to go into this field, if I should change majors. I love it." Another volunteer said, "I learned I will never be a teacher."

One interesting approach involved combining YVA service with practicum requirements at the local community college. VAC staff had worked with the teacher and the students in finding suitable volunteer work stations. The class then met several times that semester to discuss their work stations and their volunteer work.

In addition to career exploration, many volunteers reported increased confidence in themselves and their abilities. For some this was simply an increase in the confidence that their career choices were sound. For others there had been increases in their self-esteem and self confidence.

FINDINGS: NEW ORLEANS, LOUISIANA YVA
ST. MARK'S COMMUNITY CENTER

Background and Description

The Young Volunteers in ACTION program in New Orleans was located in St. Mark's Community Center, which was on the border of the French Quarter and the Treme neighborhoods. The YVA program in St. Mark's was six months old at the time of the site visit, having received initial funding in October, 1982.

St. Mark's offered the following services to youth: after school recreation activities for school aged youth; Child Care Resource Services (Day Care Center, Training Program, Teacher Resource Service, Substitute Referral Service, and an Information Service); the St. Mark's Street Academy (for middle school age, troubled youth); a Youth Employment Service; the Restitution Service (whereby judicated youth work to repay victims of their crimes); the St. Mark's Camp; the St. Mark's Methodist Church; a Teenage Mothers Counseling Service; and Young Volunteers in ACTION.

The YVA office staff consisted of a project director, three college age interns during the school year, and a secretary. The interns helped to prepare the volunteers with basic job skill training and had the primary recruitment function. Additionally, many staff members of St. Mark's had contributed time to YVA. In the office are numerous YVA posters and "message" posters, with phrases like "Easy Street is a Dead End." Several tables were set for rehearsing job interviews.

The approach of St. Mark's YVA appeared to be two fold: build self-esteem and provide job employability skills. The director said that it was difficult for the young people to overcome the feeling that giving without pay is the same as being used. She also said that the youth often had no concept of the positive impact they could have on the lives of others.

Volunteers and Volunteer Recruitment

In the early weeks of the program, the director had a choice of two recruitment methods. One was offering YVA to a nearby Catholic high school which required volunteering before graduation. This would have given YVA substantial numbers in a short period of time. The other choice was to concentrate recruitment efforts in the black, low-income Treme neighborhoods and among the youth utilizing St. Mark's. She chose the latter method since she believed it was important for YVA to reach the young people who would not otherwise have a volunteer experience.

The director stated that the YVA project did not have a formal recruitment method, that they did not need one. Apparently word about the program had spread throughout the community, and potential youth and sometimes their parents were contacting St. Mark's about the YVA program. Through this method the YVA projects had more than enough volunteers for the available placements.

As of April, 1983, approximately 120 YVA volunteers had been stationed through St. Mark's. All the volunteers were black, 95% were from low-income families, and 79% were between 14 and 16 years of age.

At the time of the site visit the majority of the recipients of YVA service lived in the Treme neighborhood, a mostly low-income black area. The director had initially begun YVA services in this area -- the area St. Mark's served -- and was in the process of expanding services to other areas of the city. Most of the recipients of YVA service were children under twelve years of age.

Primary Effects

At the time of the site visit, YVA in New Orleans was just six months old. Thus, few long-term effects of the program could be discerned. However, profound effects were noticed in two cases: St. Mark's Community Center itself and among the volunteers.

Within St. Mark's Street Academy, where fights and obstructive behavior are found on a daily basis within the classroom, the teachers reported that the YVA's in their classes were beginning to command respect from their peers. The teachers also indicated that there had been fewer fights since YVA began. They said that the YVA's in their classes had better self-esteem and were performing better with their studies.

St. Mark's after school and recreation programs had felt a significant impact as a result of YVA. Not only had several YVA's taken on specialized projects, such as art instruction, but the ability of St. Mark's to provide personal care to young people had been greatly enhanced. One supervisor stated that "I don't think my program would be succeeding without them (YVA's.) The young kids are deprivad of attention and they thrive on it here." Still another supervisor, speaking of the after school recreation program stated, "In the beginning I didn't think this program (YVA) was going to work. Then (the YVA Director) had more volunteers in here on Saturday than I had (kids) in here for recreation. I am just amazed."

The volunteers themselves have felt profound effects. First of all, they were given specific employability and job skills. Within the YVA office, they were trained in how to fill out applications, make appointments and conduct themselves in interviews.

St. Mark's also had a summer job referral service which had as a requirement the performance of YVA volunteer service. Clearly the possibility of employment attracted many youth to YVA and it also helped to focus this YVA project toward job training.

YVA seemed to have a deep impact on personal development. There was a noticable rise in self-esteem among the volunteers. They were learning that to give and not receive pay is not the same as being used. Further, many YVA volunteers indicated that if they were not involved in volunteer work, they would be "walking the streets and getting into trouble". In a state of almost surprise, one YVA volunteer declared "Everybody around here is pleased with what I am doing...they appreciate it!" Another YVA volunteer said "(YVA)...is good for me (because)...it keeps me out of trouble."

CONCLUSIONS

This section examines the findings for YVA goal accomplishment and primary effects in the three projects visited during these case studies. Generally, the evaluation found good goal accomplishment at the sites, and the primary effects appeared to be with the volunteers.

Goal Accomplishment

The four goals examined are paraphrases of those listed in YVA's guidelines.

GOAL 1: to mobilize the efforts of full or part-time students, ages 14 - 22, in a focused and effective way as volunteers.

There was generally good accomplishment of this goal. A large number of 14 - 22 year old students were mobilized to perform volunteer work. Supervisors generally reported the volunteers to be effective workers, with some being very effective and motivated.

As far as numbers, New Orleans was starting and building its numbers after brief interludes due to Mardi Gras and floods. Gainesville was faltering somewhat due to a two month absense of a project director and due to the close of the University and Community College school years. Alexander City's numbers were high and appeared likely to stay that way.

The evaluation found that each YVA project had its own specific focus. In Alexander City the primary focus was to change the attitudes of YVAs about volunteerism. This project stressed helping the community as well as helping each other by sending volunteers to places there was a real need. It also stressed inter-generational interaction through the close cooperation with the RSVP project. In Gainesville the primary focus was on the recruitment of young volunteers and extending the VAC's ability to recruit youth for volunteer work. In New Orleans the primary focus was on development of the youths' attitudes and values, especially preparation for jobs and responsibility. There was also a focus on helping one particular area of the city for both volunteers and recipients.

GOAL 2: To provide part-time or short term service-learning.

There was strong accomplishment of this goal at all three sites. Many volunteers reported using volunteer service for career exploration -- there were reports of both confirming and changing careers due to volunteer work. Many job skills and references for resumes were developed by volunteers.

Dependability and work habits were stressed at New Orleans and Alexander City. Career exploration was stressed at Gainesville. Some students at Gainesville and Alexander City performed volunteer work as a practicum for school credit; service and class work supplemented each other.

GOAL 3: To strengthen and supplement efforts to eliminate poverty and poverty related human, social and environmental problems.

There were very different findings at each site.

There was accomplishment of this goal at Alexander City although not in every area or station. Alexander City recruited more low-income volunteers than Sylacauga. The Alexander City coordinator stated that her main emphasis was to work with low-income youth. While there was an emphasis and interest in working with low-income youth, there was not an abundance of these individuals. There was also close coordination with an existing RSVP project to address poverty related issues. The project was doing a good job of reaching those low-income youth who were in the area.

There was poor accomplishment of this goal at Gainesville. This project was generally not successful in attempts to recruit low-income volunteers. Some of the sites served low-income recipients, but most did not. Most of the work was not poverty related, and the majority of the work stations were not located in the poverty areas of the city or the county. The focus of the sponsor was to recruit volunteers for stations that needed them; they did not eliminate potential stations for lack of poverty focus nor did they look for new volunteer stations that would have a poverty focus.

There was very strong accomplishment of this goal at New Orleans. The volunteers and community where most of the stations were located were mostly low-income. Most stations were addressing poverty related issues: tutoring, after school care and recreation, and cultural identity and pride.

GOAL 4: To create a sense of self-worth and civic pride.

There was strong accomplishment of this goal at all three sites. Many volunteers reported feeling proud of their accomplishments, especially in learning how to deal with new and different situations and people. A number of volunteers said that they felt important and needed, often for the first time. It appeared that communities were beginning to see young people as dependable, worthwhile, and responsible.

Perceived Effects

At all three sites the primary effects of YVA appeared to be with the YVA volunteers. The learning of new skills through service, the testing of possible career choices, and experiencing a job-like situation for the first time were consistently mentioned at the three sites as positive effects.

The work stations and the field of volunteerism at these three sites were also benefitting from YVA. YVA appeared to make available for service more volunteers than had been available before YVA. In some cases YVA helped make new placements available to youth. This last effect was not as widely found as the increase in volunteer opportunities.

The reader must remember that these three sites were specifically chosen. The evaluation describes the effects that these three chosen sites have had; future evaluations may examine the occurrance of these effects on a representative sample of YVA projects. A more in-depth evaluation with a representative sample of projects is needed.

APPENDIX

VOLUNTEER WORKSTATIONS, ACTIVITIES, AND RECIPIENTS

This appendix contains descriptions of individual volunteer workstations, the volunteer activities, and the recipients served. The appendix describes the 37 wordstations that were visited by the evaluation teams -- 11 in Alexander City, 18 in Gainesville, and 8 in New Orleans.

ALEXANDER CITY

The 11 volunteer work stations that were visited during the site visit, the volunteer activites at the station and the recipients served are described below.

The Multi-Handicapped Center was a school for multi-handicapped students of the Alexander City School System. YVA volunteers, the only volunteers used at this station, assisted staff members with the nine students by teaching them the alphabet, colors, numbers and other basics. Ninety percent of the beneficiaries were low-income, 65 percent were black and most of them were under the age of 10.

Patient services and clerical work are the main duties nine YVA's provide to the Sylacauga Hospital and Nursing Home. They worked at an information desk, ran errands for staff members on various floors, worked at an emergency desk admitting and discharging patients and escorted patients to their rooms or floors.

Channel 1 was a teen center in Sylacauga which was started in November, 1981 with money from the Alabama Department of Mental Health. The purpose of the center was to provide an alternative to drug abuse. YVA volunteers, who made up half of the Channel 1 membership (50 to 75 members), helped start the program. YVA volunteers helped renovate the building and continueed to manage it seven days a week. They planned activities, ran the concessions and kept up the maintenance. Channel 1 beneficiaries were low-income males between the ages of 11 and 15.

YVA volunteers at the Alexander City Dog Pound provided care for dogs and cats. The volunteers changed water, fed and walked the dogs. Two to five volunteers performed these duties and kept the pound open for an hour each day. The work done by the volunteers helped the executive director.

At the Area Vocational Training Center (Health Occupation) YVA volunteers provideed health and patient services in nursing homes, the hospital, dentist offices and other health related areas. Thirty-six young volunteers worked at their particular site for two hours a day as training for their health class. The YVA volunteers served about 250 people. At least four volunteers had become employed as a result of their volunteer work.

The Retired Senior Volunteer Program office at Alexander City State Junior College had one volunteer working with the staff secretary doing secretarial and office work. They also had a group of ten to fifteen volunteers that served as escorts and greeters at RSVP functions, four who conducted telephone evaluations and surveys, and four who worked at the visitors desk and information center at the hospital. Their hours varied according to needs.

The volunteers at the Alexander City Junior High worked as office assistants. Their duties included answering the phone, clerical duties, keeping records and acting as messengers. Seven to eight volunteers, each working one hour per day, were supervised by the assistant principal.

The Adams Nursing Home in Alexander City had 88 residents and a staff of 45. They had 12 YVA volunteers and 8 RSVP volunteers. The YVA's learned to take vital signs and blood pressure. They visited with the residents, gave baths, made beds, accompanied the elderly to therapy, assisted them to get to and from activities, and took them for walks. YVA volunteers were also taught CPR and treatment for choking. Assisting the staff with clerical duties was another one of their responsibilities. The young volunteers serveed two hours a day for five days a week.

Russell Head Start was a child care facility in Alexander City employing nine staff and using three volunteers. There were 60 children enrolled, almost 70% of whom were low-income. The volunteers at this station helped served lunch and trained the children to clean up afterwards. They assisted in the planning and implementing of activities. The young volunteers had more time than the regular staff to give individual attention and therefore, they served as role models for the children.

Sylacauga Department of Parks and Recreation was a recreational facilty that serves a broad spectrum of community members. The department had a staff of fifteen and were using two YVA volunteers. The volunteers' assisted with mailings, posting checks, staffing the reception desk and answering the phones. They learned to handle money and deal with the public. Approximately 40 to 45 percent of those who utilized these services were low-income. The station hoped to add volunteers to assist with day camp and class instruction for swimming, arts and crafts, baton and ballet. The volunteers also assisted at sport functions when there was a need. The volunteers worked one or two hours a day each week.

Explorer's Post 140 was a law enforcment station. The YVA's worked with members of the police department learning police procedures and facts about law enforcement. They helped direct traffic, worked barriers, looked for lost or stolen goods, assisted with dispatching and clerical duties and worked on special projects when posssible. The YVA's were required to undergo a background check and were on a 90 day probation. This station hoped to establish a "ride along program" for the volunteers with policemen on patrol and to expand their program to include more youth.

GAINESVILLE

The Bailey House was a retirement residence which offered a variety of housing and services to middle and upper-middle income older persons. At the time of the visit, there were eleven volunteers, three of which were YVA volunteers. The YVA volunteers served as group activity leaders, took the residents for walks, talked with them, and generally provided more personalized attention to the residents.

Community Mental Health Center taught skills in mental health treatment. Over the past 1 1/2 years they had utilized 125 to 130 YVA volunteers. The YVA volunteers served in day care centers and youth programs and provided day care services to mostly low-income children.

The Childrens Cultural Enrichment Program was established to introduce cultural arts to the youth of the area. It was housed in a renovated old home. There were three staff members and three to four YVA volunteers. The YVA volunteers were music and education majors who acted as classroom assistants and gave individual attention to children in music appreciation, craft, and other classes.

The Santa Fe Community College Little School was a day-long day care center for the children of parents attending the college. There were seven staff members and, at the time of the visit, one YVA volunteer. There were seven other volunteers who were child development students. All the volunteers supervised the children and provided day care.

The Wilhelmenia Johnson Resource Center was geared to assist low-income residents of the community in many activities. The volunteers, one YVA and 12 other student volunteers, assisted in tutoring the children after school. They helped with homework and gave aptitude tests. Other activities included one-day projects, such as painting and construction of playground equipment.

The Civitan Regional Blood Center was a non-profit blood bank serving all of Alachua County. Three of the 48 high school aged student volunteers were YVA volunteers. The volunteers assisted in donor registration and the clerical responsibilities of blood drives.

The JASP program was developed to act as a "theraputic resource for the social deviate". The volunteer coordinator did not know which of their 35 volunteers were YVA volunteers. The volunteers counseled first time youth offenders and worked with them and their families to keep the offenders out of the court system. The volunteers were put through an extensive training program and were required to have a psychology or criminal justice background. They worked with the youths in counseling, tutoring, and were arbitrators between the children and the court.

Located in the court house, Guardian ad Liten trained lay persons to represent the abused in court. Three staff members, 2 YVA volunteers, and 78 other volunteers of all ages worked with abused children who were under the age of fifteen and came from poor or near poor families. The volunteers acted as counselors and friends to these families, helping them to cope with and find solutions for their problems.

Located in a wooded, remote area, SPARC (the Spouse Abuse Resource Center) was a refuge for battered women and their children. There were eight staff members and thirty-five volunteers. It was unknown how many volunteers were YVA volunteers. The volunteers provided child care and transportation for outings, helped manage the shelter, and acted as telephone crisis counselors.

One YVA volunteer worked in the Glen Springs Elementary School speech therapy classroom serving approximately 35 children in this elementary school of 950 children. The YVA volunteer assisted the teacher in working with individual children, helping them with their language development and articulation of sounds.

One YVA volunteer and 57 other volunteers worked at Big Brother/Big Sister with individually assigned youth aged 7 to 14. The youth were from single parent families. The YVA volunteer spent 3 hours a week with a youth. The volunteers maintained a friendship with the youth and often acted as role models.

One YVA volunteer worked 4 hours a week at the VA Medical Center Emergency Ward assisting medical professionals. The YVA took specimens to the lab, transported patients, took blood pressure, fed patients, and visited with patients.

The one YVA volunteer at Parents Aid provided support services for abusive parents. The volunteer worked individually with one mother providing friendship and a listening ear.

The Corner Drug Store Prevention Project worked with youth to prevent drug abuse through the building of youth confidence and basic educational skills. One volunteer YVA worked as a tutor of math and reading four hours a week.

Two YVA volunteers work at the YMCA with youth aged 6 to 12 years. They assisted regular paid staff at the center. They were assigned different arts, craft, and recreation activities as needed. They often acted as an extra supervisor at the center.

One YVA volunteer worked at the Chamber of Commerce for one semester. The YVA volunteer performed the research for an area profile publication, wrote articles, and updated an area shopping center guide.

One YVA volunteer worked in the object gallery of the Florida State Museum. The YVA volunteer functioned as a resource person for visitors to the gallery, often children and classes of elementary school children. The YVA volunteer pioneered a program of taking objects to the pediatrics ward of a nearby hospital.

Four YVA volunteers worked with 45 other volunteers of all ages to operate the Ronald McDonald House. This was a home away from home for seriously ill children and their parents. The YVA volunteers assisted in the functioning of the house, worked the front desk, and acted as friends to children in the house.

NEW ORLEANS

The Boys Club of Greater New Orleans had one YVA volunteer and was beginning to use two more. It had used a total of four or five YVA volunteers. The Boys Club was located in an old, delapidated gym. The Boys Club provided recreation and tutoring to low-income youth. The current YVA volunteer worked 2 to 3 hours a day 4 or 5 days a week in coordinating and supervising game room activities of younger youth. The volunteer also provided tutoring in reading and math. Other volunteers, who had not stayed very long, had provided tutoring and homework help, arts and crafts assistance, and clerical help to the Club.

The Saint Mark's Day Care Program used two YVA volunteers in addition to two student interns, two day care trainees, and a paid staff of ten employees. There were 75 children from 3 months to 5 years of age in two sites. The program provided day care services while the parents were working or in school. One YVA had worked as a secretary's helper doing clerical work and light typing; this person stayed three weeks. The other YVA (there had been a total of four in the past) worked as a day care worker 2 to 3 hours a day in the afternoon working with infants and 4 year olds.

Approximately 20 YVA volunteers worked as parade escorts and safety personnel for the Community Parade of the Treme Cultural Enrichment Program. The YVAs worked at first aid stations and acted as escorts for senior citizens in the parade who had requested escorts.

Four volunteers worked in the Tube Environment at the Jazz and Heritage Festival. They assisted a paid Saint Mark's staff member in constructing playground equipment for the upcoming Jazz and Heritage Festival. The youth constructed the equipment out of recycled cardboard tubes and string. Saint Marks staff had done the work the previous year.

A group of 8 YVA's assisted the Associated Catholic Charities by folding, stapling, attaching labels and sorting by zip code a monthly newsletter. The YVA's accomplished this in "assembly line" fashion and were supervised by the YVA director.

Volunteers in Government of Responsibility (VIGOR) was New Orleans' city-wide and city-operated volunteer clearinghouse, utilizing a total of approximately 3000 volunteers, 30 of whom were YVA volunteers. Through VIGOR, YVA volunteers had found volunteer stations in city offices such as the police department, the zoo, traffic control and duplication/printing services. All volunteers stationed through VIGOR received bus passes.

Charity Hospital, in the center of New Orleans, was the second busiest hospital in America, seeing nearly 3000 patients in need of emergency care daily. There was one YVA stationed in Charity's emergency room. In the few months that she volunteered there, the YVA went from an errand runner to a nurse's aid. The hospital had offered her a paying position in July and she was planning on going to nursing school.

After 3:30 P.M. on weekdays, and on weekends, St. Mark's opened its gates to a flood of young people who came for the After School Care and Recreation Program. They came for after school tutoring and the recreation program. Approximately 20 YVA volunteers worked with the younger children who received tutoring and close supervision, while 25 YVA volunteers oversaw the recreation facilities. The volunteers have performed a variety of specific duties including arts and crafts education, counseling, and organizing specific activities such as Easter egg hunts. Most of the YVA's spend an average of 10 hours per week, 4-5 days per week, at the Center.

Mr. Early: What is the current status of YVA program? How many program are in operation? How many YVA volunteers are there currently? The FY 87 budget submission makes no mention of the Young Volunteers in ACTION program. DO you intend to fund the YVA program in FY 87 or is the program being terminated?

Ms. Alvarado: There are 43 YVA projects in operation (13 new and 30 renewal grants).

Actual Statistics for the 1st Quarter:

No. of Volunteers: 3,359 (over goal)
No. of Volunteer Hours: 38,779 (1/3 of goal)

YVA will be included with all student volunteer programs under the new student service learning project grants.

SERVICE LEARNING

Mr. Early: The FY 87 budget requests $1,268,000 for 85 grants to develop service learning opportunities. Is this YVA or a new program?

Ms. Alvarado: This includes all student volunteer programs funded through student service learning grants. These grants will:

place emphasis on service-learning;

provide maximum funding up to $15,000; renewals for 2d year up to $10,000; and $5,000 for 3d year;

stress measurable and quantifiable goals and objectives to include number of active volunteers participating and volunteer hours generated;

not specify an age requirement; but require students be enrolled in secondary, secondary vocational or post-secondary schools.

DEMONSTRATION GRANTS

Mr. Early: Since FY '81, have any organizations received demonstration grants for more than two years? Please provide by fiscal year the name of all grantees that received grants for more than 2 years, the date and amount of each grant awarded and a description of the purpose of each such award.

Ms. Alvarado: Yes, since FY '81, eight organizations have received demonstration grants for more than two years. Information pertaining to these eight grantees follows:

Georgia State University (PRIDE) FY '82: Date of Award - 3/31/82; Amount - $176,035; Purpose - Establish the National Family Resource Center to provide information on forming volunteer parent groups and conduct three regional conferences for volunteer parent groups.

Date of Award - 9/30/82; Amount - $59,427; Purpose - Operate a toll-free telephone number to respond to requests on forming volunteer parent groups.

FY '83: Date of Award - 4/1/83; Amount - $3,430; Purpose - Augment first year grant period.

Date of Award - 4/4/83; Amount - $164,385; Purpose - Continuation of the National Family Resource Center and operation of the toll-free telephone number for a second year.

FY '84: Date of Award - 2/23/84; Amount - $15,000; Purpose - Augment second year grant period.

Date of Award - 3/8/84; Amount - $193,248; Purpose - Continuation of the National Family Resource Center for a third year.

FY '85: Date of Award - 3/21/85; Amount - $17,406; Purpose - Augment the third year grant period.

Date of Award - 3/25/85; Amount - $299,962; Purpose - Continue operation of the National Family Resource Information Center.

FY '86: Date of Award - 3/28/86; Amount - $224,929; Purpose - Continue operation of the National Family Resource Center for nine months.

Families In Action
FY '82: Date of Award - 3/26/82; Amount - $30,000; Purpose - Maintain and expand the Drug Information Center which gathers and disseminates current information on the harmful consequences to youth of the use of illegal drugs.

Date of Award - 9/27/82; Amount - $13,920; Purpose - To promote the dissemination of the Drug Abuse Up Date which contains the most important recent findings on the use of illegal drugs by youth.

FY '83: Date of Award - 3/28/83; Amount - $31,330; Purpose - To continue the Drug Information Center for a second year.

FY '84: Date of Award - 2/17/84; Amount - $9,958; Purpose - Augment the second year grant period.

Date of Award - 3/12/84; Amount - $15,489; Purpose - Continue the operation of the Drug Information Center for 6 months.

Date of Award - 9/29/84; Amount - $33,512; Purpose - Continue the operation of the Drug Information Center for a year.

FY '85: Date of Award - 9/30/85; Amount - $18,618; Purpose - Continue the operation of the Drug Information Center for six months. (Project terminated on 3/30/86 but continues to operate without ACTION funds.)

Archdiocese of New York:
Drugs/Alcohol/Rehabilitation/
Education (DARE) Program
FY '81: Date of Award - 9/30/81; Amount - $51,700; Purpose - A program of substance abuse prevention, education and intervention for youth -- utilizing adult volunteers and peer support groups.

FY '83: Date of Award - 12/23/82; Amount - $51,700; Purpose - Continue project for a second year.

FY '84: Date of Award - 3/20/84; Amount - $125,000; Purpose - Continue project for its third year.

Archdiocese of Miami:
Drugs/Alcohol/Rehabilitation/
Education (DARE) Program
FY '83: Date of Award - 9/30/83; Amount - $26,999; Purpose - A program of substance abuse prevention, education and intervention for youth -- utilizing adult volunteers and peer support groups.

FY '84: Date of Award - 6/22/84; Amount - $26,999; Purpose - Completion of first year grant period.

FY '85: Date of Award - 9/20/85; Amount - $49,500; Purpose - Continuation of project for a second year.

Save Cambodia, Inc.
FY '81: Date of Award - 9/30/81; Amount - $19,656 (Dept. of Labor Interagency Monies); 9/24/81; Amount $96,090 (State Dept. Interagency monies); Purpose - The establishment of a job placement and maintenance program for Cambodian refugees in the Washington, D.C. and Philadelphia Metropolitan areas.

FY '82: Date of Award - 9/30/82; Amount - $81,865 ($41,000-HHS monies and $40,865-ACTION); Purpose - Continuation of the project for its first full year of operation.

FY '83: Date of Award - 9/30/83; Amount - $50,000; Purpose - Continuation of the project along with the conceptualization stage for a how-to-manual.

FY '84: Date of Award - 11/3/83; Amount - $65,000; 9/29/84; Amount - $37,316; Purpose - Continuation of the project along with the addition of coaching and providing cultural orientation to the refugees. Also, the drafting of a how-to-manual.

FY '85: Date of Award - 4/1/85; Amount - $35,700; Purpose - Continuation of the project in existing locations along with the addition of Richmond, VA as a project site. Also, the completion of the how-to-manual.

Covenant House:
FY '82: Date or Award- 6/10/82; Amount - $124,443; Purpose - The establishment and on-going operation of a small, multi-disciplined, Research and Development Department that is available to assist individuals and organizations in providing services to runaway and homeless youth. Also, start up activities to replicate the successful "Under 21" runaway shelter in Houston, Texas.

FY '83: Date of Award - 9/23/83; Amount - $34,939; Purpose - On-going provision of technical assistance along with the opening of the "Under 21" runaway shelter in Houston, Texas.

FY '84: Date of Award - 2/9/84; Amount - $88,418; Purpose - Continuation of the provision of technical assistance and start-up activities for establishing an "Under 21" runaway shelter in Fort Lauderdale, Florida.

FY '85: Date of Award - 11/6/84; Amount - $49,993; Purpose - Continuation of the provision of technical assistance and the opening of the "Under 21" runaway shelter in Fort Lauderdale, Florida.

Date of Award - 3/27/85; Amount - $75,000; Purpose - The establishment of a long-term residential and job training program for runaway and older homeless youths.

Date of Award - 9/30/85; Amount - $49,973; Purpose - The development of how-to-manuals on concepts beneficial to homeless and runaway youth for nationwide distribution.

House of Umoja

FY '83: Date of award - 3/15/83; Amount - $11,525; Purpose - Project to prevent crime and to constructively channel youth in the inner city through the effective use of volunteers.

FY '84: Date of Award - 5/1/84; Amount - $8,575; Purpose - Continuation of the project for a second year.

FY '85: Date of Award - 4/1/85; Amount - $20,000; Purpose - Continuation of the project along with a conference on youth and crime.

Big Brothers/Big Sisters of Nassau County

FY '82: Date of Award - 12/1/81; Amount - $19,933; Purpose - Project recruits, screens, and trains junior and senior high school student volunteers who are matched with disadvantaged grammar school children from single parent homes.

FY '83: Date of Award - 11/12/82; Amount - $21,433; Purpose - Continuation of the project.

FY '84: Date of Award - 12/11/84; Amount - $35,263; Purpose - Continuation of the project.

FY '85: Date of Award - 3/5/85; Amount - $24,947; Purpose - Continuation of the project.

Mr. Early: What is the justification for awarding "demonstration grants" year after year to the same organizations?

Ms. Alvarado: ACTION has awarded continuing grants to selected organizations that have operated projects which focus on issues of national concern and, thus, require on-going support until they have successfully tested their model nationwide or become self-sufficient. For example, a grantee may receive funding for a year or more to test and develop a model program using volunteers. At the same time, or following the completion of the model program, the grantee may be funded to oversee the replication of the model program that had been developed in an earlier grant and provide technical assistance and resource information to other organizations who wish to adapt that model program in their communities.

Also, some grantees have received more than one grant award because they tested and/or replicated totally different models. For example, one project was awarded a demonstration grant to replicate its successful short-term care runaway shelter model and then was awarded a second grant to test its long-term care model for runaway and homeless youth.

Mr. Early: What type of evaluation and audit does ACTION conduct of Part C grantees prior to approving renewal grants?

Ms. Alvarado: When a Part C grantee submits an application for continuation and/or renewal, an assessment is then made to determine if the project has achieved its goals and objectives specified in the grant. Project progress reports and fiscal status reports are submitted to ACTION by grantees on a quarterly basis. Information obtained by program managers during on-site visits and observation made by ACTION field staff are also used in making an assessment. If it is determined that a project needs more time to develop its program model to the point where it can be replicated in other communities or become self-sufficient, and if the grantee is making demonstrable progress in its program development, it may be recommended for continuation and/or renewal depending on the availability of funds.

VIETNAM VETERANS LEADERSHIP PROGRAM

Mr. Early: What is the status of the Vietnam Veterans Leadership Program? The Committee was previously told that the federal government role in VVLP was intended to sunset in FY '84. In FY '85 and to date in FY '86, were any Part C grants awarded to VVLP programs?

Ms. Alvarado: The VVLP did sunset on September 30, 1984. At the beginning of FY '85, a VVLP Grants Office was established on a temporary basis to oversee the close-down procedures and to monitor the VVLP grants still in existence. During FY '85, twenty-seven six month extensions were awarded to those grantees who had been in existence for less than a year. Of those 27, 1 extension was funded with ACTION monies and the remaining 26 were funded through interagency funds from HHS. Because these grantees had been in existence for such a short period of time, the half-year funding extensions were granted to help assure their solvency and eventual institutionalization through independent funding sources, i.e., competitive government resources and private sector support.

Mr. Early: How many VVLP projects continue to operate without any ACTION support?

Ms. Alvarado: From the original 48 VVLP programs, 34 are still operational in 25 states. These 34 veterans' projects are landmark models of programs brought to life through federal funding. These projects, which are now self-sufficient, continue to service their intended purposes with high volunteer participation.

Mr. Early: Since 1981, how many VVLP grants were awarded under Part C? How many of those received interim audits and a final audit by ACTION or an outside audit.

Ms. Alvarado: Forty-eight VVLP grants were awarded since 1981. During this same time period, 52 interim reviews, with some grants receiving more than one, and 30 final close-out audits were completed.

Mr. Early: In FY 85 or FY 86, were any VISTA Volunteers or VISTA support dollars used to support VVLP programs. If so, please provide a detailed list including the number of the project, the number of volunteers and the amount of VSITA support grants. In FY 87, will VISTA continue to provide volunteers and/or support to VVLP projects? If so, specifically what is VISTA's role in those projects?

Ms. Alvarado: In FY 85 and FY 86, the following number of volunteers and level of support (supervision and transportation funds) were provided to VVLP projects.

	FY 85		FY 86	
	No. Vols.	$	No. Vols.	$
Vermont VVLP	6	0	0	0
New York VVLP	6	37,457	7	0
Ohio VVLP	11	12,500	9	12,000
Pittsburgh VVLP	4	12,000	8	2,000
St. Louis VVLP	8	0	8	0
New Mexico VVLP	5	0	0	0
Iowa VVLP	0	0	4	0
	40	$61,957	36	$14,000

Decisions on renewal of any VVLP projects in FY 87 have not yet been made. Each will be reviewed and decided upon in accordance with VISTA program guidelines.

PUBLIC AWARENESS

Mr. Early: How much do you plan to spend in FY 1986 and 1987 to promote the ACTION Agency and voluntarism in general?

Ms. Alvarado: A program by program breakout of FY 1986 promotional materials is as follows:

VISTA	62,000
RSVP	52,000
FGP	20,000
SCP	15,000
Multi-program/General Voluntarism	55,000
TOTAL	$204,000

Program by program projected expenditures on promotional materials in FY 1987:

VISTA	67,000
RSVP	40,000
FGP	20,000
SCP	10,000
Multi-program/General Voluntarism	50,000
TOTAL	$187,000

ACTION

FISCAL YEAR 1987 BUDGET ESTIMATE

SUBMISSION TO THE CONGRESS
February 1986

ACTION
WASHINGTON D.C. 20525

OFFICE OF
THE DIRECTOR

March 18, 1986

Honorable William P. Natcher
Chairman, Subcommittee on Labor, Health and
  Human Services, and Education
Committee on Appropriations
United States House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

I am submitting herewith the justification for the FY 1987 funding request for ACTION's program activities, totaling $149,865,000. These resources will be devoted to fulfilling the Agency's mission of fostering and expanding voluntary citizen service; developing and sustaining standards of excellence in ACTION's programs; encouraging public/private sector partnerships; and stimulating voluntarism in conjunction with other Federal agencies. ACTION will seek to utilize to the fullest advantage the energy, innovative spirit, experience and skills of all Americans to serve local communities and the Nation by addressing current and emerging needs through the application of volunteer service.

This appropriation request is $5,083,000 more than the level at which the Agency is operating during FY 1986. The level of resources represents an increase over FY 1986 of funds for the Service-Learning, Citizen Participation and Volunteer Demonstration, and Older American Volunteer Programs. In addition, Program Administration is increased by $776,000 over the current level, while the Volunteers in Service to America (VISTA) Program has been reduced by $293,000.

With the resources requested in the enclosed submission, over 435,000 Americans will have the opportunity to serve in a wide variety of settings, making significant contributions to service organizations and providing personalized assistance to their less fortunate neighbors. ACTION will be able to continue the Older American Volunteer Programs (OAVP) in their highly successful use of senior citizens in meeting local community needs. Through the Volunteers in Service to America (VISTA) Program, efforts to alleviate poverty in the United States will be supplemented by enabling people from all walks of life to perform meaningful and constructive volunteer service. ACTION's service-learning projects are designed to support efforts linking the resources of student volunteers with those of the community in resolving human and social problems, emphasizing those that are poverty-related. Other citizen participation and volunteer demonstration activities will support and expand the use of volunteers in resolving the problems of drug use, illiteracy, runaway and missing children, and refugees. Activities in support of the President's private sector initiatives will continue as the Agency promotes and encourages the use of volunteers and their recognition as valuable community resources.

I believe that America's volunteer spirit goes well beyond ACTION's core programs. We will tap the enormous resources our citizens offer. We will intensify and extend involvement with individuals, businesses, non-profit organizations, and other Federal, state and local governments to create new, lasting volunteer programs. Also, voluntarism is one viable alternative to addressing social problems for which Federal dollars are being reduced. ACTION has the responsibility of taking the lead in assisting at the local level to make voluntarism a more potent force in accomplishing this goal.

To accomplish these objectives, we have initiated steps to maximize the use of existing resources. The Agency has been reorganized to improve the chain of command and overall communication between organizational units, ensure cost-effectiveness and increase operational efficiency. We are managing volunteer programs more efficiently by consolidating site visits and recognition and award ceremonies, decentralizing staff and project director training and reducing staff travel. These initiatives will continue to be fully developed into FY 1987 and beyond.

In this time of emphasis on holding the line on governmental expenditures, I am convinced that the ACTION approach of fostering self-help and self-reliance is vitally important in helping private citizens and local communities meet their needs, and we look forward to the challenges outlined in this presentation. The details of this request and comparisons with current year levels are included in the narrative sections and supporting materials of this document. If you have additional questions, please direct them to me, to our Legislative Affairs Division, or to the Agency's Budget Officer.

Sincerely,

Donna M. Alvarado

Donna M. Alvarado

OPERATING EXPENSES, DOMESTIC PROGRAMS

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INTRODUCTION

ACTION was established in 1971 as the Federal agency for volunteer service. The Agency's mission is to advocate, promote, and support the voluntary efforts of citizens and public and private organizations in solving vital problems confronting the poor, the disabled, the elderly, and youth with special needs. The volunteers in ACTION's programs represent the broad spectrum of American life.

In FY 1987, ACTION's program activities will include the Older American Volunteer Programs, Volunteers in Service to America, Service-Learning Programs, and the Citizen Participation and Volunteer Demonstration Programs. These programs share a common goal of instituting volunteer service as an effective means of addressing important human and social problems.

The highlights of ACTION's FY 1987 plans and activities are as follows:

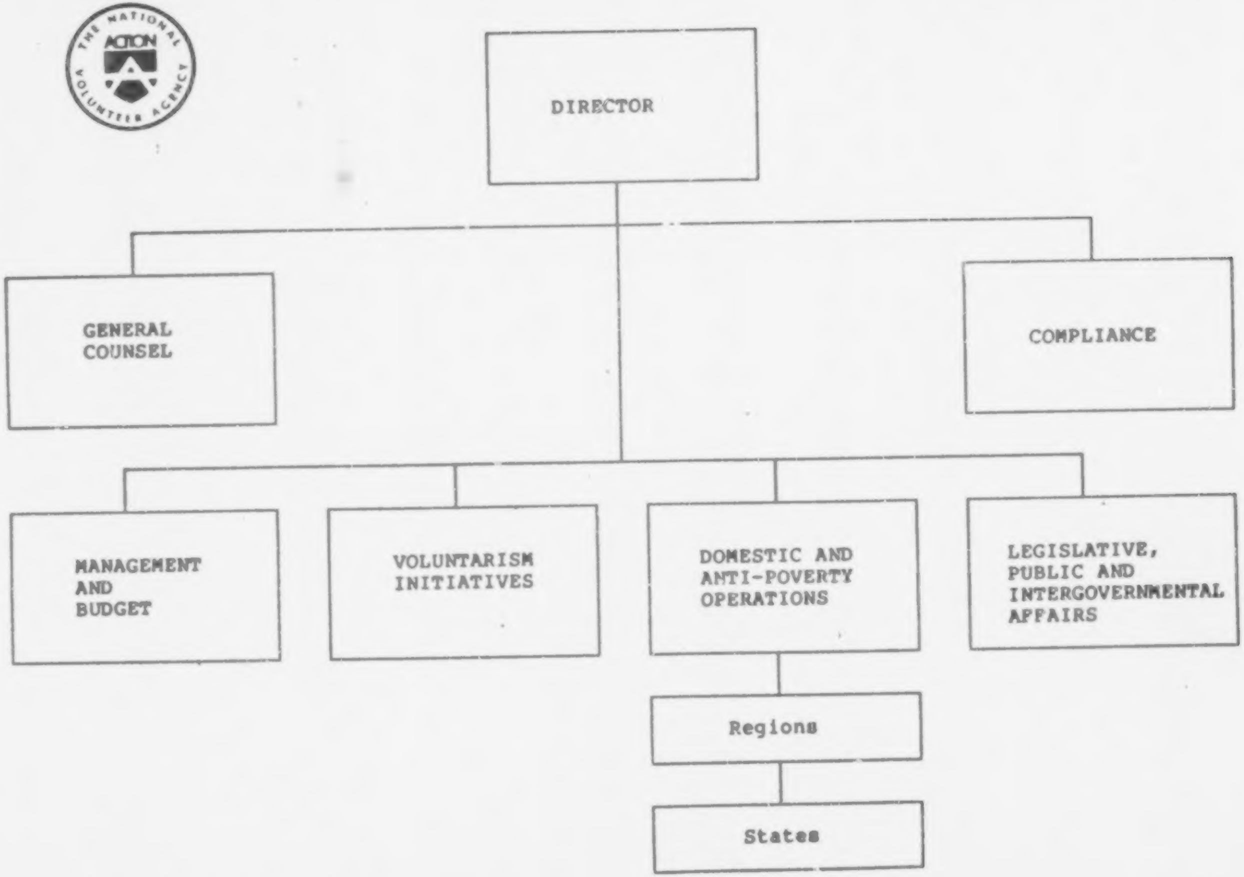
1. The Older American Volunteer Programs will continue to use the skills and talents of citizens over age 60 to meet individual and community needs. The Retired Senior Volunteer Program will increase to an estimated 383,000 volunteers. The Foster Grandparent Program volunteer level will increase to 24,000 and will continue the program's emphasis on service to children with special or exceptional needs. A total of 7,400 Senior Companion Program volunteers will continue to be involved in long-term care programs and support systems for the frail and isolated elderly, including continued emphasis on in-home services.

2. The Volunteers in Service to America (VISTA) Program will provide 2,325 service years directed toward helping low-income individuals achieve self-sufficiency by focusing efforts on the problems of hunger, homelessness, illiteracy, unemployment, drug and alcohol abuse, domestic violence and child abuse, and the needs of low-income seniors and the handicapped.

3. The Service-Learning Programs will provide information, technical assistance, and training support to secondary schools, colleges and community agencies for the development of service-learning opportunities for student volunteers to aid persons in need. The Service-Learning Programs will award grants to develop new and improved service-learning projects for students enrolled in secondary, post-secondary, and vocational schools.

4. The Citizen Participation and Volunteer Demonstration Programs will award: 6 State Office of Voluntarism grants; 19 Mini-Grants; 13 Technical Assistance Program grants; and 22 Volunteer Demonstration Program grants in the areas of drug abuse prevention, runaways, literacy, and refugees.

5. The Director discharges management responsibilities through the Deputy Director; the Associate Directors for Domestic and Anti-Poverty Operations, Voluntarism Initiatives, Management and Budget, and Legislative, Public, and Intergovernmental Affairs; Compliance; the General Counsel; and Regional Directors. Day-to-day program activity is managed by grantees who are local community organizations.


DIRECTOR
GENERAL COUNSEL
COMPLIANCE
MANAGEMENT AND BUDGET
VOLUNTARISM INITIATIVES
DOMESTIC AND ANTI-POVERTY OPERATIONS
LEGISLATIVE, PUBLIC AND INTERGOVERNMENTAL AFFAIRS
Regions
States

OPERATING EXPENSES, DOMESTIC PROGRAMS

FY 1987 APPROPRIATION LANGUAGE

For expenses necessary for ACTION to carry out the provisions of the Domestic Volunteer Service Act of 1973, as amended (42 U.S.C. 4951 et seq.), [$151,287,000, of which $19,000,000 shall be available to carry out title I, part A of said Act] $149,865,000.

OPERATING EXPENSES, DOMESTIC PROGRAMS

GENERAL STATEMENT

The FY 1987 appropriation request of $149,865,000 for ACTION will enable it to fulfill its responsibilities under the Domestic Volunteer Service Act of 1973, as amended.

ACTION's mission is to foster and expand voluntary citizen service, utilizing public and private sector resources and coordinating its efforts with other Federal agencies. Further, ACTION shall utilize to the fullest advantage the energy, innovative spirit, experience and skills of all Americans to serve local communities and the Nation by addressing current and emerging needs through the application of volunteer service.

To improve the effectiveness of ACTION's programmatic and support functions, steps have been initiated to optimize the use of scarce resources. A reorganization of the Agency has improved and simplified the chain of command, promoted better communications among organizational elements, ensured greater cost-effectiveness and increased operational efficiency. The volunteer programs are being managed more economically and efficiently by consolidating site visits, recognition and awards ceremonies, and by reducing staff travel in general; and through the decentralization of staff and project director/sponsor training.

In FY 1987, ACTION's program activities will include the Older American Volunteer Programs, Volunteers in Service to America, Service-Learning Programs, and Citizen Participation and Volunteer Demonstration Programs. Each of these has its specific purpose, but they share a common goal of mobilizing voluntary citizen service to address and ameliorate the fundamental and pressing problems of the nation's citizens, especially the disadvantaged.

The primary purpose of the Older American Volunteer Programs is to provide opportunities for older citizens to participate in volunteer service in their communities in health, education, welfare and related settings. For FY 1987, Older American Volunteer Programs will continue to use the skills and talents of citizens over age 60 to meet community needs. The Foster Grandparent Program will serve children with special or exceptional needs, including youthful offenders and abused or neglected children. The Senior Companion Program volunteers will emphasize service to other older persons with special needs, helping them to continue living independently and deferring, preventing, or reversing institutionalization. The Retired Senior Volunteer Program will provide services in the areas of health, nutrition, community services, refugee assistance, child abuse and crime prevention, and skill training while also continuing to move into activities emphasizing drug abuse prevention, increased literacy, and services to runaway youth.

In FY 1987, the Volunteers in Service to America (VISTA) program will continue to supplement efforts to alleviate poverty by enabling individuals from all segments of our society to perform meaningful and constructive volunteer service. Efforts will be directed toward alleviating the problems of hunger, homelessness, illiteracy, unemployment, drug and alcohol abuse, domestic violence and child abuse, and the needs of low-income seniors and the handicapped.

GENERAL STATEMENT - continued

The Service-Learning Programs are ACTION's vehicle for encouraging student involvement in community service, thereby providing a two-way benefit: the community receives additional volunteer services which will likely continue as the student grows into adulthood, and the student gains a sense of civic pride and enhanced self-worth. Through information dissemination, training, and technical assistance, ACTION encourages the development of service-learning activities nationwide, providing information and expertise to local schools and other organizations so that they can develop programs to meet local needs. Through Service-Learning project grants, the Agency provides funding in support of volunteer opportunities for students in service-learning activities under the aegis of public or private non-profit organizations.

The activities of the Voluntary Citizen Participation Programs include working with state governments, private voluntary organizations, and groups of citizens to expand the scope of community volunteer service. Included in this program area are the State Office of Voluntarism Program, the Mini-Grant Program, and the Technical Assistance Program. The Volunteer Demonstration Programs will develop new initiatives and continue successful ones emphasizing the ACTION goals of drug abuse prevention, increased literacy, service to runaway children, and refugee settlement and employment, and will continue to support the replication and expansion of successful private volunteer programs.

This submission reflects a comprehensive planning process which involves all of ACTION's program and support offices. ACTION seeks to continue and strengthen the efforts of citizen volunteers serving their communities and their nation. The Agency desires to provide effective support and direction to community-based projects and to do so in a cost-effective, productive, and efficient manner. It is the volunteers whose efforts justify the investment of public funds we are requesting, and it is ACTION's commitment to provide them with the necessary resources.

OPERATING EXPENSES, DOMESTIC PROGRAMS

AMOUNTS AVAILABLE FOR OBLIGATION

	FY 1986	FY 1987
Appropriation requested	[$147,550,000]	$149,865,000
Appropriation (P.L. 99-178)	151,287,000	---
Effect of the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177)	- 6,505,000	---
Reimbursements	3,317,000	---
Total available for obligation	$148,099,000	$149,865,000

OPERATING EXPENSES, DOMESTIC PROGRAMS

OBLIGATIONAL AUTHORITY BY ACTIVITY

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Activity 1: Volunteers in Service to America (VISTA)	$ 20,368,000	$ 19,492,000	$ 19,258,000	-$ 234,000
A. VISTA	19,000,000	18,183,000	17,890,000	- 293,000
B. Service-Learning Programs	1,368,000	1,309,000	1,368,000	+ 59,000
Activity 2: Citizen Participation and Volunteer Demonstration	$ 1,801,000	$ 1,724,000	$ 1,801,000	+$ 77,000
A. Voluntary Citizen Participation	680,000	578,000	680,000	+ 102,000
B. Volunteer Demonstration Programs	1,121,000	1,146,000	1,121,000	- 25,000
Activity 3: Older American Volunteer Programs	$103,806,000	$ 99,342,000	$103,806,000	+$4,464,000
A. Retired Senior Volunteer Program (RSVP)	29,620,000	28,346,000	29,620,000	+ 1,274,000
B. Foster Grandparent Program (FGP)	56,100,000	53,688,000	56,100,000	+ 2,412,000
C. Senior Companion Program (SCP)	18,086,000	17,308,000	18,086,000	+ 778,000
Activity 4: Program Administration	$ 25,312,000	$ 24,224,000	$ 25,000,000	+$ 776,000
A. Program Operations	11,678,000	11,448,000	12,152,000	+ 704,000
B. Program Services	13,634,000	12,776,000	12,848,000	+ 72,000
Appropriation	$151,287,000	$144,782,000	$149,865,000	+$5,083,000

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

OPERATING EXPENSES, DOMESTIC PROGRAMS

OBLIGATIONS BY OBJECT a/

	FY 1986 Estimate	Revised FY 1986 Estimate b/	FY 1987 Estimate	Increase/ Decrease
Total number of permanent positions	506	506	492	- 14
Compensable work years	525	525	511	- 14
Personnel compensation:				
Permanent positions	$ 16,582,000	$ 16,582,000	$ 16,977,000	+$ 395,000
Positions other than permanent	220,000	220,000	207,000	- 13,000
Other personnel compensation	60,000	60,000	29,000	- 31,000
Special personal services payments	14,652,000	14,652,000	14,194,000	- 458,000
Total, personnel compensation	$ 31,514,000	$ 31,514,000	$ 31,407,000	-$ 107,000
Personnel benefits	2,231,000	2,231,000	2,496,000	+ 265,000
Travel and transportation of persons	1,741,000	1,272,000	1,161,000	- 111,000
[Staff]	[991,000]	[673,000]	[720,000]	[+ 47,000]
Transportation of things	17,000	11,000	11,000	---
Rents, communications and utilities	3,118,000	3,001,000	3,158,000	+ 157,000
[Building rents]	[2,000,000]	[2,000,000]	[2,030,000]	[+ 30,000]
Printing and reproduction	437,000	305,000	289,000	- 16,000
Other services	5,001,000	3,835,000	4,102,000	+ 267,000
Supplies and materials	189,000	156,000	148,000	- 8,000
Equipment	190,000	48,000	72,000	+ 24,000
Grants, subsidies and contributions	106,847,000	102,407,000	107,019,000	+ 4,612,000
Insurance claims and indemnities	2,000	2,000	2,000	---
Total, direct obligations	$151,287,000	$144,782,000	$149,865,000	+$5,083,000

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a/ Items in brackets are non-add.

b/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

OPERATING EXPENSES, DOMESTIC PROGRAMS

SUMMARY OF CHANGES

FY 1986	Estimated obligations	$151,287,000
FY 1986	Revised estimated obligations	$144,782,000 a/
FY 1987	Request	$149,865,000
	Net change	+$ 5,083,000

	Revised FY 1986 Estimate	FY 1987 Changes from FY 1986
VISTA	$ 18,183,000	-$ 293,000
Service-Learning Programs	1,309,000	+ 59,000
Voluntary Citizen Participation and Volunteer Demonstration	1,724,000	+ 77,000
Older American Volunteer Programs	99,342,000	+ 4,464,000
Program Administration	24,224,000	+ 776,000
Total net change		+$ 5,083,000

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

Explanation of Changes

VISTA .... -$ 293,000

This decrease is primarily in volunteer support, a result of the reduction in the number of volunteer service years by 75 to 2,325.

SUMMARY OF CHANGES - continued

Service-Learning Programs .... +$ 59,000

This net increase will provide for an additional 5,400 volunteers in service-learning projects and for an additional 20 grants to to be awarded.

Voluntary Citizen Participation .... +$ 102,000

This additional $102,000 will increase the number of grants, particularly in the Technical Assistance Program, which places special emphasis on developing materials to help private voluntary organizations strengthen partnerships between themselves and other entities in the private sector, such as businesses and foundations.

Volunteer Demonstration Programs .... -$ 25,000

This net reduction reflects the award of one less grant in FY 1987 than in FY 1986.

Retired Senior Volunteer Program .... +$ 1,274,000

This increase provides for 9,000 additional volunteers over the FY 1986 level. Funding is also provided for program audits postponed from FY 1986.

Foster Grandparent Program .... +$ 2,412,000

The increase in FGP provides for four new project grants and restores project support funds for continuing grants which were reduced in FY 1986. It also provides for a slight increase above the revised FY 1986 level for training and technical assistance.

Senior Companion Program .... +$ 778,000

This increase provides full funding for the 97 continuing grants and an increase in the level of training and and technical assistance to SCP grantees and volunteers.

Program Administration .... +$ 776,000

Changes by line item are as follows:

Personnel compensation and benefits .... (+ 390,000)

The increase in salaries and benefits is due to the full-year effect of vacancies filled in FY 1986 and to the lower lapse rate anticipated in FY 1987 as FTE's are reduced by attrition.

SUMMARY OF CHANGES - continued

Travel and transportation of staff .... (+ 53,000)

Staff travel costs will be increased in order to provide additional technical assistance and oversight in those areas which received diminished assistance and monitoring because of FY 1986 cutbacks.

Transportation of things .... (- 3,000)

The reduction in this line item is due to a decrease in staff relocations.

Rents, communications, and utilities .... (+ 156,000)

The increase for this item is attributable to increasing costs for building rents, postage, and telecommunications, the latter due to increased use of tie lines for regional computer terminals' access to the central data bank in Washington.

Printing and reproduction .... (- 12,000)

Reductions in the frequency and quantity of in-house and general Agency publications and in the quantities of individual reports produced will result in the decrease in this line item.

Other services .... (+ 177,000)

This increase provides full funding for additional service and maintenance contracts over FY 1986 and provides for the technical expertise unavailable in-house to facilitate the full implementation of data processing improvements. Also included are additional funds for audits.

Supplies and materials .... (- 5,000)

Further reductions in subscriptions and in the purchase of supplies from non-government sources will result in this decrease.

Equipment .... (+ 20,000)

Purchases of furniture and equipment to replace items which cannot be repaired will resume in FY 1987; the majority of the funds obligated for this line item in FY 1986 was for mandatory replacement of telephone systems in several regional and state offices.

OPERATING EXPENSES, DOMESTIC PROGRAMS

AUTHORIZING LEGISLATION a/

	FY 1986		FY 1987	
Legislation	Authorized b/	Appropriated c/	Authorized d/	Appropriation Requested
Domestic Volunteer Service Act, as amended (42 U.S.C. Sec. 4951 et. seq.)				
TITLE I - National Volunteer Anti-Poverty Programs	$ 28,784,000	$ 22,169,000 ($ 21,216,000)		$ 21,059,000
TITLE II - National Older American Volunteer Programs (OAVP)	[118,400,000]	[103,806,000] ([99,342,000])		[103,806,000]
Part A - Retired Senior Volunteer Program (RSVP)	31,100,000	29,620,000 (28,346,000)		29,620,000
Part B - Foster Grandparent Program (FGP)	58,700,000	56,100,000 (53,688,000)		56,100,000
Part C - Senior Companion Program (SCP)	28,600,000	18,086,000 (17,308,000)		18,086,000
TITLE IV - Administration and Coordination	28,000,000	25,312,000 (24,224,000)		25,000,000
Evaluation/Audit		[683,000] ([558,000])		[676,000]
TOTAL	$175,184,000	$151,287,000 ($144,782,000)		$149,865,000

a/ Items in brackets are non-add items.

b/ Provides mandatory funding for 2,400 VISTA volunteer service years.

c/ Amounts in parentheses include the effects of the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

d/ ACTION's current authorizing legislation expires on September 30, 1986. In conjunction with the Office of Management and Budget, the Agency is preparing proposed legislation for submission to the Congress authorizing the Agency's activities for fiscal years 1987, 1988, and 1989.

OPERATING EXPENSES, DOMESTIC PROGRAMS

APPROPRIATION HISTORY

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation [a]
1972	$ 392,000	$ 392,000	$ 392,000	$ 79,136,000 [b]
1973	98,425,000	94,107,000	94,107,000	94,107,000
1974	93,298,000	89,323,000	92,399,000	91,760,000
1975	102,344,000	96,000,000	100,000,000	100,000,000
1976 and TQ	101,574,000	101,313,000	105,623,000	103,595,000
1977	93,902,000	108,200,000	108,200,000	109,110,000
1978	116,860,000	117,260,000	118,660,000	118,377,000
1979	130,986,000	118,377,000	118,377,000	119,175,000
1980	168,099,000	[c]	[c]	145,584,000 [d]
1981	169,154,000	158,047,000	---	153,090,000 [e]
1982	145,325,000	148,575,000	134,277,000	131,858,000 [d]
1983	117,721,000	125,490,000	129,073,000	129,321,000 [f]
1984	109,730,000	[g]	140,061,000 [h]	135,590,000 [i]
1985	120,217,000	147,722,000	150,284,000	150,164,000
1986 (P.L. 99-177)	147,550,000	150,164,000	152,164,000	151,287,000 (144,782,000) [j]
1987	149,865,000			

[a] Includes all enacted supplementals.

[b] ACTION was established in FY 1972. Funding for the domestic volunteer programs incorporated into ACTION was transferred from the Office of Economic Opportunity, the Department of Health, Education and Welfare, the Small Business Administration, and the Department of Housing and Urban Development. These transfers amounted to $78,744,000. In addition, $392,000 was directly appropriated to ACTION for the civilian pay increase effective January 9, 1972.

[c] Only Older American Volunteer Programs, totaling $83,317,000, were considered and appropriated. The remaining programs were not acted upon.

d/ Continuing resolution and supplemental appropriation.

e/ Final continuing resolution level.

f/ Reflects the terms of the Continuing Resolution (P.L. 97-377) effective through September 30, 1983.

g/ Deferred by the House because reauthorization law had not been enacted by the time the appropriations bill was brought up for consideration.

h/ Passed by the Senate; removed in conference because reauthorization law had not been enacted.

i/ Reflects the terms of the Continuing Resolution (P.L. 98-151) effective through September 30, 1984.

j/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

OPERATING EXPENSES, DOMESTIC PROGRAMS

ACTION ON CONGRESSIONAL RECOMMENDATIONS

House Report 99-289 to accompany H.R. 3424

Recommendation

It is the Committee's intention that every effort be made to fund 2,400 (VISTA) volunteer service years.

Action Taken

In FY 1986, with a budget of $18,183,000 after the 4.3% Gramm-Rudman reduction, VISTA will produce the 2,400 volunteer service years stipulated in Title V, Sec. 501(d)(1) of the Domestic Volunteer Service Act of 1973, as amended.

Recommendation

The Committee expects ACTION to recruit, train and place (VISTA) volunteers evenly throughout the fiscal year.

Action Taken

In FY 1985, a total of 2,440 trainees entered the VISTA program in the following manner:

First Quarter	468
Second Quarter	525
Third Quarter	757
Fourth Quarter	690

Recommendation

It is the Committee's intention that special emphasis continue to be placed on training and placing new VISTA volunteers in emergency food and shelter projects.

Action Taken

The chart below reflects the increases in VISTA projects and VISTA volunteers addressing the areas of hunger and homelessness:

ACTION ON CONGRESSIONAL RECOMMENDATIONS - continued

	12/31/84		12/31/85	
	# Projects	# Vol.	# Projects	# Vol.
Food	97	405	128	554
Shelter	42	194	72	330

Recommendation

The Committee directs that sufficient funds be made available to continue the operation of the three ongoing and successful Foster Grandparents Program/Head Start components initiated with Department of Health and Human Services funds which the Committee understands are no longer available to the ACTION Agency.

Action Taken

Permanent funding has been provided by ACTION to support the FGP/Head Start components initiated through an interagency agreement between ACTION and the Department of Health and Human Services. These components are currently operating under the auspices of existing FGP projects in California, Georgia, and Wisconsin.

Senate Report 99-151 to accompany H.R. 3424

Recommendation

The Committee has reiterated its oft stated concern that the ACTION Agency has not been conducting sufficient on-site inspections of the volunteer projects. The Committee directs the ACTION Agency to maintain proper monitoring and audit procedures at the volunteer projects and to conduct on-site inspections of these projects.

Action Taken

ACTION staff spent an average of 2.4 days per project in monitoring and site visits in FY 1985. This average varies by state, by program, and by region. The cost to maintain this level of on-site monitoring was $325,808 for travel and per diem.

Recommendation

The Committee directs that the ACTION Agency shall undertake national recruitment and public awareness efforts to ensure that opportunities for VISTA service are available to persons from all walks of life, age groups, geographical areas, and economic levels. It is the Committee's intention that opportunities for VISTA volunteer service shall not be restricted to only those residents living in communities directly served by VISTA sponsoring organizations.

Action Taken

VISTA Volunteer recruitment is conducted in every state and Puerto Rico. Local recruitment has provided the VISTA opportunity to many Americans who would not be able to serve if relocation were required, particularly the elderly, single heads of households, displaced homemakers, or handicapped individuals. In addition, those who are willing to relocate are assisted, through our state offices or headquarters, to find suitable placements.

We have provided our sponsors with recruitment training and a technical assistance manual. We developed and distributed a recruitment poster and brochure for use by sponsors and ACTION offices.

Although we have no current shortage of volunteers to fill available slots, we have had in-depth discussions with field staff and sponsors regarding recruitment. As a result, we are developing a regional recruitment policy dealing with recruitment on an inter-state/intra-regional basis. We also hope to provide each region a small fund to cover intra-regional volunteer relocation expenses. During this coming year, VISTA will develop a computerized "clearinghouse" and waiting list of applicants for service.

ACTION ON CONGRESSIONAL RECOMMENDATIONS continued

Recommendation

The Committee directs ACTION to recruit, train, and place VISTA volunteers evenly throughout the fiscal year. The Committee is disturbed that ACTION has failed to comply with this directive in past years.

Action Taken

In FY 1985, a total of 2,440 trainees entered the VISTA program in the following manner:

First Quarter ---------------	468
Second Quarter ---------------	525
Third Quarter ---------------	757
Fourth Quarter ---------------	690

Recommendation

The Committee requests that ACTION submit a brief report at the time of the fiscal year 1987 budget hearings that evaluates the new in-home health care portion of the Senior Companion Program, and make recommendations concerning continued growth and funding.

Action Taken

At this time we are not able to provide a report that meaningfully evaluates the SCP Homebound Elderly Demonstration component. Baseline data results will not be available until September 1986, and the second round of data collection will occur from August through October 1986, six months after each volunteer and client is initially interviewed.

The initial baseline data report, based on the first round of data collection being performed by the contractor, is due in September 1986. It will describe the functional status of the volunteers and clients prior to involvement with SCP and will provide demographic data on the volunteers and clients.

Tentative findings will be reported from the second round of data collection in February 1987. Conclusions from the entire evaluation can be reported in July 1987, after the third and final round of data collection. The third round of data collection is scheduled for January through March 1987.

In order to measure the issues properly, the minimum period of involvement in the evaluation for each volunteer or client is one year from the first interview with that person, which is the planned timeframe for our SCP Homebound Elderly Demonstration evaluation.

ACTION ON CONGRESSIONAL RECOMMENDATIONS - continued

Recommendation

The Committee recommends $1,801,000 for citizen participation and volunteer demonstration programs. This is the same as the budget request and fiscal year 1985 appropriations level. The Committee requests that ACTION submit a report describing the activities of this program for fiscal year 1985 and fiscal 1986, including an evaluation of each of the supported projects. The report should include an evaluation of each project's impact upon (1) involved communities, and (2) ACTION's long-range plans.

Action Taken

ACTION's Office of Voluntarism Initiatives is in the process of preparing the requested report, which will be forwarded to the Committee prior to the April 23, 1986, Senate appropriation hearings.

OPERATING EXPENSES, DOMESTIC PROGRAMS

VOLUNTEER SERVICE YEARS FUNDED a/

	FY 1985 Actual	FY 1986 Estimate	Revised FY 1986 Estimate	FY 1987 Estimate
Stipended Volunteer Programs:	24,796	25,050	25,050	25,455
Volunteers in Service to America	2,202	2,400	2,400	2,325
Foster Grandparent Program	17,285	17,285	17,285 b/	17,685
Senior Companion Program	5,309	5,365	5,365 b/	5,445

TOTAL VOLUNTEERS c/

	FY 1985 Actual	FY 1986 Estimate	Revised FY 1986 Estimate	FY 1987 Estimate
Stipended Volunteer Programs:	33,600	33,900	33,900	34,600
Volunteers in Service to America	3,000	3,200	3,200	3,200
Foster Grandparent Program	23,400	23,400	23,400	24,000
Senior Companion Program	7,200	7,300	7,300	7,400
Non-Stipended Volunteer Programs:	375,200	389,000	385,600	400,000
Service-Learning Programs	10,200	11,000	11,600	17,000
Retired Senior Volunteer Program	365,000	378,000	374,000	383,000

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a/ These figures represent the Federally-funded volunteer service years only.
b/ Volunteer service years will be maintained through the use of FY 1985 carry-over balances.
c/ These figures represent the total number of both Federally and non-Federally funded volunteers participating in the program during the fiscal year.

OPERATING EXPENSES, DOMESTIC PROGRAMS

REPORT OF CONSULTANT CONTRACTS IN EXCESS OF $25,000

FY 1985 through FY 1987

Contract Purpose or Activity	Contractor's Name	Contract Amount and Estimated Completion Date	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
SCP Homebound Elderly Demonstration Evaluation	Research Triangle Institute P.O. Box 12194 Research Triangle Park, NC	$505,106 November 13, 1987	$ 68,198	$ 216,908	$ 220,000
VISTA Goal Accomplishment and Community Effects Evaluation	Abt Associates Inc. 55 Wheeler Street Cambridge, MA	$299,220 May 5, 1988	$ 49,558	$ 126,897	$ 122,765
Volunteer Management Support Demonstration Program Evaluation	To be determined	$100,300 a/ January 31, 1988	---	$ 100,300	---
Training and Technical Assistance to Service-Learning Projects	Golle & Holmes Custom Education 5720 Green Circle Drive Minnetonka, MN 55343	This is an on-going activity.	$ 429,164	$ 339,732	---
Financial Audit of OAVP Projects Region I	Daniel Dennis & Co. 47 Winter Street Suite 700 Boston, MA	$ 36,000 June 30, 1986	$ 36,000	b/	b/

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a/ To be funded with interagency agreement funds from the Department of Commerce.

b/ Current plans provide approximately $200,000 in FY 1986 for audits with CPA firms in all nine regions to perform audits of OAVP projects; in FY 1987 the amount will be approximately $500,000. The assumption is that most of these contracts will be in excess of $25,000 and many of them will be with CPA firms currently under contract with ACTION.

REPORT OF CONSULTANT CONTRACTS IN EXCESS OF $25,000 (Continued)

FY 1985 through FY 1987

Contract Purpose or Activity	Contractor's Name	Contract Amount and Estimated Completion Date	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Financial Audit of OAVP Projects Region II	Lucas, Tucker & Co. 26 Broadway, Room 529 New York, NY	$116,851 June 30, 1986	$ 116,851	b/	b/
Finanical Audit of OAVP Projects Region III	Terry, Johnson & Co., Inc. Jonnett Bldg., Suite 400 4099 William Penn Highway Pittsburgh, PA 15146	$101,303 June 30, 1986	$ 101,303	b/	b/
Financial Audit of OAVP Projects Region IV	Garrett, Sullivan & Co. P.O. Box 1029 Durham, NC 27702	$ 78,816 June 30, 1986	$ 78,816	b/	b/
Financial Audit of OAVP Projects Region V	Hill, Taylor & Co., CPA 180 North LaSalle Street Chicago, IL 60601	$101,358 June 30, 1986	$ 101,358	b/	b/
Financial Audit of OAVP Projects Region VI	Ned R. Rosario & Company, CPA 700 Ridgelea Bank Bldg. Ft. Worth, TX 76116	$140,153 June 30, 1986	$ 140,153	b/	b/
Financial Audit of OAVP Projects Region VIII	Fernandez & Associates 244 Washington Street Denver, CO 80203	$ 6,400 June 30, 1986	$ 6,400	b/	b/
Financial Audit of OAVP Projects Region IX	Quezada Navarro & Co. 1010 South Flower Street 5th Floor Los Angeles, CA 90015	$ 95,075 June 30, 1986	$ 95,075	b/	b/

REPORT OF CONSULTANT CONTRACTS IN EXCESS OF $25,000 (Continued)

FY 1985 through FY 1987

Contract Purpose or Activity	Contractor's Name	Contract Amount and Estimated Completion Date	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Financial Audit of OAVP Projects Region X	Branch, Richards, Anderson & Co. 216 First Avenue South Seattle, WA 98104	$131,914 June 30, 1986	$ 131,914	b/	b/
		All consultant contracts	$1,354,790	$ 983,837	$ 842,765
		Funded through interagency agreements	---	- 100,300	---
		ACTION-funded contracts	$1,354,790	$ 883,537 c/	$ 842,765 c/

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c/ Totals for FY 1986 and FY 1987 include estimates of $200,000 and $500,000 respectively for OAVP audits.

ADMINISTRATIVE IMPROVEMENTS

The goal of improvements in administrative and financial support activities is to increase the effectiveness, efficiency, and timeliness with which services are delivered to programs and offices.

During FY 1986, several major improvements are being made in Agency systems and procedures, including:

1. Continued development and implementation of the Agency's internal control system in accordance with the provisions of OMB Circular A-123 and the Federal Managers' Financial Integrity Act of 1982, building on the successful experience of FY 1985.

2. Development of a grantee monitoring system to provide ACTION line management with better oversight of a grantee's program and administrative performance.

3. Continuation of on-site technical assistance by Comptroller's Office staff to strengthen financial management practices in field offices.

4. Implementation of the modifications to the Federal Acquisition Regulations (FAR), including revision of ACTION procurement regulations to comply fully with requirements of FAR.

5. Continued development and implementation of an improved property management system including regional training in space and property inventory methods.

6. Conversion of regional office financial data entry system from outdated equipment/technology to a state-of-the-art telecommunications system featuring regional office microcomputers linked to a central minicomputer.

7. Continuation of the Information Systems Council and ADP Users' Group to promote agency-wide involvement in development and operation of automated information systems.

8. Preparation and issuance of the "Financial Management Guide for Recipients of ACTION Grants" booklet with a special self-evaluation section.

9. Continued review of Agency space utilization nationwide, with goal of achieving mandated space reductions through consolidation of space within regional offices and possible relocation and consolidation of headquarters offices.

10. Revision of desk procedures dealing with communication and property to insure maximum accountability from service vendors and to improve service delivery and follow-up on all facilities problems.

11. Implementation of the enhancement phase of the Financial Requirements Evaluation and Enhancement (FREE) project to include functional requirements analysis and development of system specifications for an improved, integrated financial management system.

ADMINISTRATIVE IMPROVEMENTS - Continued

12. Initiation of a project to evaluate the effectiveness of the audit resolution and disallowance recovery process.

13. Improved operation of the ACTION grant appeals system to provide independent decisions on disputes involving audit disallowances.

14. Evaluation of the feasibility of using the services of another Federal agency to process ACTION's payroll, with consequent cost savings.

15. Initial implementation of OMB Circular A-127 on Financial Management Systems.

16. Improved economy and efficiency of processing through a change in computer timesharing contractors.

Administrative improvements which will be initiated or continued in FY 1987 include:

1. Implementation of a new agency-wide unified financial management information system under criteria contained in OMB Circular A-127.

2. Continued development of management information systems tailored for use by program staff in headquarters and field offices.

3. Identification, evaluation, selection, and implementation of software which meets or improves programmatic data requirements and complies with cost efficiency and security standards.

4. Implementation of controls over use of priority and express mail and long distance telephone, purchase and distribution of supplies, use of on-call contract services, and on subscriptions to reduce costs and increase efficiency.

5. Application of microcomputer capabilities to the budget formulation and execution functions.

6. Continuation of instructional development and implementation of internal control assessments pursuant to the Federal Managers' Financial Integrity Act of 1982.

7. Implementation of Phase III of the Grants Management Information System (GMIS) which will unify input to the grants system and the Federal Assistance Award Data System (FAADS).

8. Identification, evaluation, and selection of less costly software to replace extensive time-sharing mainframe computer use for program evaluations.

Budget Activity 1

VOLUNTEERS IN SERVICE TO AMERICA

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
A. Volunteers in Service to America (VISTA)	$19,000,000	$18,183,000	$17,890,000	-$ 293,000
B. Service-Learning Programs	1,368,000	1,309,000	1,368,000	+ 59,000
Total obligations	$20,368,000	$19,492,000	$19,258,000	+$ 234,000

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

General Statement

The Volunteers in Service to America (VISTA) and Service-Learning Programs are authorized by Parts A and B of Title I of the Domestic Volunteer Service Act of 1973, as amended, which extends through September 30, 1986. The mission of the VISTA program is to supplement efforts to alleviate poverty in the United States by enabling people from all walks of life to perform meaningful and constructive volunteer service. Since the program's inception, more than 80,000 VISTA Volunteers have aided in the solution of poverty-related problems, in part by generating a commitment of private sector resources and encouraging part-time volunteer service in the community to assist in the VISTA efforts.

The purpose of the Service-Learning Programs is to link the needs of the poor with students' interest in community service. ACTION provides training and technical assistance for high school, college, and community agency staff who develop and manage student volunteer programs. The student service-learning projects involve student volunteers in part-time, non-stipended activities designed to benefit low-income communities. These service-learning projects encourage students to undertake volunteer service in their communities in such a way as to enhance the educational value of the service experience through participation in activities which address poverty-related problems.

Budget Activity 1A

VOLUNTEERS IN SERVICE TO AMERICA (VISTA)

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Program Data:				
Volunteer service years	2,400	2,400	2,325	- 75
Training entries	1,688	1,688	2,200	+ 512
Obligations:				
Volunteer support	$17,070,000	$16,524,000	$16,234,000	-$290,000
Project support	1,340,000	1,069,000	1,070,000	+ 1,000
Training and technical assistance	459,000	459,000	460,000	+ 1,000
Evaluation/audits	131,000	131,000	126,000	- 5,000
Total obligations	$19,000,000	$18,183,000	$17,890,000	-$293,000

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

General Statement

VISTA Volunteers serve full time for one year, without regard to regular working hours, living at the same subsistence level as the low-income people they are serving. They are assigned to a variety of public and private non-profit organizations throughout the nation. These organizations serve as VISTA project sponsors, directing the volunteers' activities and incorporating the local community in the planning and operation of projects.

VISTA's primary objective -- helping low-income individuals achieve self-sufficiency -- remains the cornerstone of the program. VISTA creates working relationships among the sponsor, the community, and the private sector in order to enhance the long-term impact of VISTA projects. VISTA Volunteers assist the poor in establishing methods for meeting their most basic human needs -- methods which can be replicated by others confronted with similar problems. VISTA's programming efforts focus on the problems of hunger, homelessness, illiteracy, unemployment, drug and alcohol abuse, domestic violence and child abuse, and the needs of low-income seniors, the handicapped, migrant farm workers, and Native Americans.

Today, most VISTA Volunteers are recruited by their project sponsors, with many coming from the low-income community served by the project. All volunteers are recruited for the skills, experience, and commitment they bring to the project. More than 18% of all volunteers are 55 years of age or older, and the average age of the volunteers is 36.

Budget Justification

The total VISTA budget request for FY 1987 is $17,890,000, which will support 2,325 volunteer service years on approximately 500 projects. This request is $293,000 less than the FY 1986 level. In reviewing our programs to determine how best to bear our share of the deficit reduction for FY 1987, we concluded that we would gain the greatest savings with the smallest percentage reduction in volunteers by slightly reducing VISTA activities. With an annual cost of slightly more than $7,000 per volunteer (compared with approximately $3,300 for the Foster Grandparent and Senior Companion volunteers and $80 for Retired Senior Volunteers), VISTA is our most expensive program. In spite of the reduction in funding, we will make every effort, through enhanced management, to retain the maximum possible level of VISTA volunteer service years.

Volunteer Support $16,234,000

The FY 1987 request for volunteer support is $16,234,000, which will provide volunteers with an average monthly subsistence allowance of $426, a one-time leave allowance of $70, and a stipend of $75 per month set aside for payment at the end of service. Health and travel expenses of the volunteers are covered. Volunteers are regarded as Federal employees for coverage by the Federal Tort Claims and Federal Employee Compensation Acts.

Project Support $ 1,070,000

The FY 1987 request for project support is $1,070,000, which will provide limited funding for volunteer supervision and job-related transportation. VISTA provides a share of these costs for local sponsoring organizations which could not otherwise afford to provide such support.

Training and Technical Assistance $ 460,000

Funds in this category cover volunteer allowances during training, facilities, supplies, materials, and travel and fees for training consultants. Volunteer pre- and in-service training will be based on objectives developed during FY 1986. Funds will also be used to enhance career development assistance mandated for low-income volunteers and to provide orientation to new VISTA supervisors as well as management and fund-raising/resource mobilization skills for all VISTA supervisors.

Evaluation/Audits $ 126,000

The FY 1987 request for evaluation is $126,000, which will fund the third year of the three-year "VISTA Goal Accomplishment and Community Effects Evaluation."

Budget Activity 1B

SERVICE-LEARNING PROGRAMS

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Program Data:				
Total volunteers	11,000	11,600	17,000	+ 5,400
Obligations:				
Information dissemination, training, and technical assistance b/	$ 450,000	$ 350,000	$ 100,000	-$250,000
Student service-learning project grants	916,000	957,000	1,268,000	+ 311,000
Evaluation/audit	2,000	2,000	---	- 2,000
Total obligations	$1,368,000	$1,309,000	$1,368,000	+$ 59,000

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

b/ Formerly the National Center for Service-Learning.

General Statement

Today more than three-quarters of a million American high school and college students are involved in community service programs dealing with the problems of the poor. They serve in a range of volunteer roles, such as companions to the elderly, counselors to their peers on health matters, organizers of home repair projects, and tutors in educational programs.

ACTION's service-learning projects are designed to support efforts linking the resources of student volunteers with those of the community in resolving human and social problems, emphasizing those that are poverty-related. ACTION's mission is to increase the number of student volunteer programs by providing information and technical advice to interested schools, community agencies, and national organizations and by funding student service-learning project grants. Through such grants, the Agency gives seed money to organizations that develop projects which involve secondary, vocational, and post-secondary student volunteers in part-time, non-stipended activities designed to benefit low-income communities. This strategy enables communities to reap immediate benefits from students who serve while in school, and long-term benefits as students leave school and continue to involve themselves in community affairs.

Budget Activity 1B: SERVICE-LEARNING PROGRAMS - continued

Budget Justification

In FY 1987, ACTION is requesting $1,368,000 for its Service-Learning Programs.

Information Dissemination, Training, and Technical Assistance $ 100,000

ACTION will:

- -- sponsor a training conference for ACTION grantees, educators, and community agency staff members who work in service-learning programs or wish to develop such programs. Experienced trainers will teach skills such as identifying community needs, volunteer recruitment, fund-raising techniques, project development, curriculum design, locating volunteer placements, and project evaluation. Training sessions will emphasize the need to develop sound business practices in the management of community volunteer agencies. Panel discussions will focus on models that work and on their successful replication; and
- -- publish and distribute technical assistance booklets and manuals for program planners and managers, including a report resulting from the training conference.

Grants $1,268,000

ACTION will award about 85 grants to public agencies and private, non-profit organizations to develop new and improved service-learning opportunities.

The key objectives for service-learning project grants are to join community, school, and youth in developing the scope and nature of volunteer experiences which serve the needs of poverty communities while securing resources by which the effort can be continued and expanded after Federal support ends. The volunteers are students enrolled in secondary, vocational, or post-secondary schools who serve on a part-time, non-stipended basis. Project grants are awarded for a 12-month period; second- or third-year reduced funding may be sought by grantees. The grantee is required to contribute a local share of at least $3,000 each year.

Evaluation/Audit $ ---

Plans for evaluation and audit activities for subsequent fiscal years will be developed during FY 1987 to review the effectiveness of service-learning activities.

Budget Activity 2

CITIZEN PARTICIPATION AND VOLUNTEER DEMONSTRATION PROGRAMS

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
A. Voluntary Citizen Participation	$ 680,000	$ 578,000	$ 680,000	+$102,000
B. Volunteer Demonstration Programs	1,121,000	1,146,000	1,121,000	- 25,000
Total obligations	$1,801,000	$1,724,000	$1,801,000	+$ 77,000

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

General Statement

The Citizen Participation and Volunteer Demonstration Programs are authorized by Title I, Part C of the Domestic Volunteer Service Act of 1973, as amended, which extends through September 30, 1986. These programs are designed to mobilize citizens for voluntary action to change the conditions that deny fulfillment of human potential and to demonstrate and replicate innovative volunteer efforts. ACTION has two major program areas for these purposes:

1. Voluntary Citizen Participation Programs play an important part in developing the full potential of citizen initiatives through support and assistance to public, private, and community-based volunteer efforts.

2. Volunteer Demonstration Programs address ACTION's goal to design and develop a broad range of programs which meet human needs, particularly those related to poverty, and which encourage and enable persons from all walks of life to perform constructive volunteer service.

Budget Activity 2A

VOLUNTARY CITIZEN PARTICIPATION

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Program Data:				
Number of grants	28	28	38	+ 10
State Office of Voluntarism	10	9	6	- 3
Mini-Grant Program	17	17	19	+ 2
Technical Assistance Program	1	2	13	+ 11
Obligations:				
Grants:				
State Office of Voluntarism	$ 515,000	$ 402,000	$ 315,000	-$ 87,000
Mini-Grant Program	150,000	150,000	165,000	+ 15,000
Technical Assistance Program	15,000	20,000	200,000	+ 180,000
Other costs	---	6,000	---	- 6,000
Total obligations	$ 680,000	$ 578,000	$ 680,000	+$102,000

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

General Statement

Volunteers and volunteer organizations have increasingly diverse and vital roles in meeting society's needs. Neighborhood groups and other types of volunteer efforts and organizations are continually being established to improve the quality of life for all citizens. This volunteer pool results in more direct service to those in need. The inherent values of citizen involvement, service, and community self-reliance are being recognized at all levels of government and in public policy proposals.

The major areas of emphasis for Voluntary Citizen Participation in FY 1987 will include the development of private sector initiatives and public/private partnerships and technical assistance to increase the capacity for self-sufficiency of ACTION's grantees.

Budget Activity 2A: VOLUNTARY CITIZEN PARTICIPATION - continued

Budget Justification

The request for Voluntary Citizen Participation activities in FY 1987 is $680,000.

Grants	$680,000
State Office of Voluntarism	$315,000

The State Office of Voluntarism (SOV; guidelines published in the Federal Register on January 10, 1986 changed the name of the program from State Office of Voluntary Citizen Participation, or S/OVCP) Program provides a coordination point in state governments for assistance to state and local agencies, elected officials, and private voluntary organizations in the development, coordination, and administration of productive volunteer initiatives. Some examples are:

1. Alabama's Office of Voluntary Citizen Participation (AOVCP) introduced workshops throughout the state on the subjects of volunteer management, training for trainers, and rural volunteerism and community development. Over 1,000 participants have gone through the various workshops designed to broaden the base of resource people within the volunteer community and to eliminate duplication of services. The AOVCP has facilitated communication among some 5,000 organizations through its newsletter VOLUNTEER ALABAMA, published quarterly.

2. The Delaware Office of Voluntary Citizen Participation has created and expanded a statewide computerized volunteer clearinghouse entitled "VOL:U:ME" (VOLunteers for yoU and ME) which includes 410 agencies in its data base. Volunteers are recruited through state agencies, high schools, universities, libraries, and public service clubs. The Bank of Delaware has agreed to distribute voluntarism literature to all newcomers to the state, and Delmarva Power and Light has provided a public relations person to assist the program and will contribute graphics for conference brochures.

The $315,000 requested for the SOV program in FY 1987 will allow ACTION to provide support to six states with current programs.

Mini-Grant Program	$165,000

The Mini-Grant Program stimulates and supports voluntarism by providing grants which range in size from several thousand dollars to a maximum of $15,000. They can be awarded quickly through a simplified funding process. Mini-Grants are one-time grants to local level projects that develop new and innovative efforts to use volunteers in addressing specific problems related to poverty. These grants provide funds to establish or strengthen volunteer activities and programs demonstrating the potential for long-term impact on community problems.

Some examples of programs funded through the Mini-Grant Program are:

1. Project "Say No" in the Escambia County (Pensacola, Florida) School System was developed to prevent youth from driving while under the influence of alcohol or drugs. Adult and student volunteers are working together to give presentations to P.T.A. groups, conduct training sessions in drivers' education classes, and establish structured after-school peer groups for the students. It is a diversionary project which hopes to give students -- and their parents -- the information and skills necessary to prevent young people from driving while "under the influence."

2. Junior and senior high school students provide home support and companionship to homebound elderly in Carson City, Nevada. Project SAVY (Seniors and Volunteer Youth), operating out of the Carson City Senior Citizens' Center, has received the Governor's Award for outstanding service to the community. An arrangement has been made with the schools to give academic credit to the student volunteers for their service.

In FY 1987 Mini-Grant Program's request for $165,000 will enable 19 organizations and groups to receive funds for volunteer administration, support, recruitment, and training. The grants will stress self-help and self-reliance in local level projects that develop new and innovative efforts to use volunteers in addressing specific problems related to poverty.

Technical Assistance Program $200,000

The Technical Assistance Program (TAP) enables private organizations and state and local agencies to provide materials for skills development and resource and information sharing to volunteers, volunteer leadership, and community groups. The program offers one-time grants averaging $15,500 to develop the tools for improving or initiating volunteer activities.

In FY 1986 TAP will provide $20,000 in developmental funds for technical assistance materials to assist organizations in the more effective recruitment, training, and management of volunteers and to promote self-sufficiency in organizations utilizing volunteers.

The $200,000 in the Technical Assistance Program in FY 1987 will enable ACTION to place special emphasis on developing materials to help private voluntary organizations strengthen partnerships between themselves and other entities in the private sector, such as businesses and foundations. Project emphasis will be on more effective volunteer program management and public/private partnerships as well as on increased self-sufficiency.

Other costs $ ---

Other costs include travel for site visits and conferences, printing for the National Volunteer Week poster, grant applications, and other program-specific materials, and the purchase of special supplies and materials in support of program activities. Program funds were used for these purposes in FY 1986 because of the shortage in program administration funds; it is not anticipated that a similar substitution will have to be made in FY 1987.

Budget Activity 2B

VOLUNTEER DEMONSTRATION PROGRAMS

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Program Data:				
Number of grants	23	23	22	- 1
Obligations:				
Grants	$1,121,000	$1,136,000	$1,121,000	-$15,000
Other costs	---	10,000	---	- 10,000
Total obligations	$1,121,000	$1,146,000	$1,121,000	-$25,000

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

General Statement

Volunteer Demonstration Programs address areas of human and social concern in which citizens, as volunteers, can contribute toward individual self-reliance and community self-sufficiency. ACTION develops and tests program models that, if successful, may form the basis of Agency initiatives or may be adopted by the private sector, including voluntary associations, churches, and corporations, or by state and/or local governments.

Demonstration Programs strengthen and supplement ACTION's operating programs by enabling the Agency to explore new areas of social concern which may later be applied by the Agency's on-going programs and by developing improved systems to increase the effectiveness of existing volunteer programs.

Budget Justification

In FY 1987, $1,121,000 is being requested for Volunteer Demonstration Programs, a decrease of $25,000 from FY 1986.

Grants	$1,121,000

The requested amount will provide for the award of 22 grants in support of demonstration projects in the following areas:

- drug use prevention;
- youth literacy and employment;
- runaway youth;
- refugee resettlement and acculturization;
- extended community concept to strengthen inner-city families;
- youth foster care and youth services; and
- farm families in crisis.

Other costs	$ ---

Other costs include travel for site visits and conferences, printing for grant applications and other program-specific materials, and the purchase of special supplies and materials in support of program activities. Program funds were used for these activities in FY 1986 because of the shortage in program administration funds; it is not anticipated that a similar substitution will be necessary in FY 1987.

Budget Activity 3

OLDER AMERICAN VOLUNTEER PROGRAMS

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
A. Retired Senior Volunteer Program	$ 29,620,000	$ 28,346,000	$ 29,620,000	+$1,274,000
B. Foster Grandparent Program	56,100,000	53,688,000	56,100,000	+ 2,412,000
C. Senior Companion Program	18,086,000	17,308,000	18,086,000	+ 778,000
Total obligations	$103,806,000	$ 99,342,000	$103,806,000	+$4,464,000

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

General Statement

The Older American Volunteer Programs (OAVP) administered by ACTION are authorized under Title II of the Domestic Volunteer Service Act of 1973, as amended, which extends through September 30, 1986. These programs serve a dual purpose by uniting the time and energy of mature, experienced, and skilled people with unmet community and individual needs. Special emphasis is placed on serving the ill, the frail, the isolated elderly, and young people who are emotionally, mentally, or physically disabled. In FY 1987, over 414,000 volunteers aged 60 and over will serve in the Older American Volunteer Programs, an increase of 9,700 volunteers over FY 1986.

Volunteer Activities: OAVP projects are locally sponsored and administered. Basic program decisions are made at the community or neighborhood level. Within the broad framework of the legislation, volunteer activities grow out of agreements among the volunteer, project staff, and the community as represented by volunteer stations and advisory councils. As a result, specific project activities reflect a variety of service needs and volunteer skills unique to each community.

By the end of FY 1986, Retired Senior Volunteers will be serving at the rate of more than 67,320,000 hours per year. Activities include youth services, literacy enhancement, in-home care, and crime prevention. Other volunteers assist refugees, promote housing rehabilitation, serve the disabled, and consult with non-profit service organizations to improve their management and operational practices.

Foster Grandparents serve 20 hours per week working both within and outside of institutions with children who have mental, physical, and emotional handicaps. They also serve children who are abused or neglected, who are in the juvenile justice system or in foster care settings, or who have other special or exceptional needs. Foster Grandparents help to prevent or delay the institutionalization of children and to deinstitutionalize children who can live within the community.

Senior Companions, who also serve 20 hours per week, seek to prevent or delay the institutionalization of the chronically impaired elderly, shorten the stay of those elderly persons temporarily institutionalized, and deinstitutionalize persons who are able to live at home when some services are provided. They perform a critical role in providing long-term care by assisting adults with mental, emotional, and physical impairments to achieve and maintain their fullest potential, to be healthy, and to manage their lives independently.

Sponsorship: Project grants are awarded by ACTION to private, non-profit organizations and public agencies which recruit, place, and support volunteers. Volunteer services are provided through public and private non-profit agencies and proprietary health care organizations. ACTION provides technical assistance to sponsors and training for project staff. Funding is shared between the sponsor and ACTION.

Program Objectives: ACTION is committed to the principle that the satisfaction of each volunteer is a direct result of his or her activities and contributions which will help organizations to function better, improve the lives of others, and enrich their own. In addition, OAVP encourages:

-- the recognition of older persons' abilities to find solutions to individual and community needs;

-- development of program activities which promote the mobilization of local resources to meet local needs;

-- volunteer assignments which increase intergenerational contacts; and

-- increased state and/or local funding of OAVP and OAVP-type programs.

Program Assistance: The OAVP strategy is to enhance local program initiatives by providing program assistance to project sponsors, directors, and staff. Program assistance is provided by making periodic site visits to projects; preparing "how to" program assistance papers in a variety of subject areas including drug abuse prevention, literacy enhancement, services to youth, crime prevention, and refugee assistance in order to encourage the development of alternative service opportunities; conducting training sessions in the field; disseminating program regulations, policies, handbooks, procedures, and forms; and awarding small grants to projects which seek to test or demonstrate new concepts of volunteer service.

State Funding: OAVP activities have been greatly expanded by the contribution of state funds to create OAVP-type projects or to supplement existing ACTION projects. State governments are providing an estimated $19,200,000 annually for this purpose. By program, this amounts to approximately $10,300,000 for the Foster Grandparent Program, $3,700,000 for the Senior Companion Program, and $5,200,000 for the Retired Senior Volunteer Program. State-funded OAVP-type projects that wish to use the Federal program name, to receive technical assistance from ACTION, or to take advantage of the income disregard provisions of OAVP legislation must sign a Memorandum of Agreement with ACTION. Staff of state-funded projects participate in ACTION training activities, receive program assistance materials, and utilize the technical expertise of ACTION staff.

Special Recruiting: OAVP has made a special effort to encourage members of minority groups to participate in volunteer activities in all three programs. More than 16% of the Retired Senior Volunteers and 40% of both the Foster Grandparents and Senior Companions are minorities. In FY 1987 OAVP will continue to emphasize the recruitment of men and the physically and mentally disabled as volunteers. RSVP will expand recruitment of retired executives to serve non-profit organizations and city and county governments.

Evaluation/Audits: Evaluations and audits of OAVP programs are conducted by persons not directly involved in the administration of the programs. In FY 1987, $225,000 will be used for program evaluation and $325,000 for project audits.

TOTAL VOLUNTEERS

	FY 1986 Estimate	Revised FY 1986 Estimate	FY 1987 Estimate	Increase/ Decrease
A. Retired Senior Volunteer Program	378,000	374,000	383,000	+ 9,000
B. Foster Grandparent Program	23,400	23,400	24,000	+ 600
C. Senior Companion Program	7,300	7,300	7,400	+ 100
Total	408,700	404,700	414,400	+ 9,700

Budget Activity 3A

RETIRED SENIOR VOLUNTEER PROGRAM

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Program Data:				
Total volunteers	378,000	374,000	383,000	+ 9,000
Number of grants funded	750	749	749	---
Continuing	750	749	749	---
New	---	---	---	---
Obligations:				
Continuing grants	$29,271,000	$28,240,000	$29,271,000	+$1,031,000
New grants	---	---	---	---
Training and technical assistance	224,000	106,000	224,000	+ 118,000
Evaluation/audits	125,000	---	125,000	+ 125,000
Total obligations	$29,620,000	$28,346,000	$29,620,000	+$1,274,000

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

General Statement

The Retired Senior Volunteer Program (RSVP) was established in 1971 to provide persons aged 60 and over with opportunities for volunteer service in their own communities. By the end of FY 1987, 383,000 older Americans will be participating in the program, making significant contributions in local efforts to address community needs. The distinguishing feature of RSVP is its flexibility in responding to community needs and designing volunteer opportunities which utilize the unique talents of older individuals willing to share their experiences, abilities, and skills.

In recognition of the value of the services provided by RSVP volunteers and the potential resources represented by the growing population of older Americans, state governments have appropriated an estimated total of $5,200,000 to support the expansion of program activities in their states.

Budget Activity 3A: RETIRED SENIOR VOLUNTEER PROGRAM - continued

Volunteer services in the area of youth counseling, literacy enhancement, long-term care, and crime prevention will continue to be emphasized in FY 1987 as will counseling for unemployed youth and people on fixed incomes and delivery of health care services. RSVP will continue to work in cooperation with the Senior Companion Program to combine the volunteer resources of both programs to provide long-term care services for homebound elderly.

Program initiatives planned for FY 1987 are consistent with RSVP's legislative mandate and reflect ACTION's commitment to the development and expansion of service opportunities that are both meaningful to older volunteers and responsive to locally identified needs. They complement previous efforts that focus on nursing home activities, services to disadvantaged youth, and child abuse prevention. Added attention is being given to adult literacy through a three-year cooperative effort with Laubach Literacy Action and B. Dalton Booksellers. Literacy education for adults by RSVP volunteers is being expanded nationally.

Budget Justification

The FY 1987 budget request for the Retired Senior Volunteer Program is $29,620,000, which is $1,274,000 more than the FY 1986 level.

Continuing Grants $29,271,000

The FY 1987 request for continuing grants is $29,171,000, which will allow ACTION to maintain funding for 749 existing projects with an estimated 383,000 volunteers.

New Grants $ ---

No new grants will be awarded in FY 1987.

Training and Technical Assistance $ 224,000

The requested amount will be used to cover the cost of RSVP project staff training which will be conducted at regular intervals by ACTION field offices. Also included is the program's share of the cost of mailing, printing, and miscellaneous procurements.

Evaluation/Audits $ 125,000

This amount will cover the costs of periodic audits of RSVP grantees.

Budget Activity 3B

FOSTER GRANDPARENT PROGRAM

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Program Data:				
Number of Federally-funded volunteer service years	17,285	17,285 b/	17,685	+ 400
Total volunteers c/	23,400	23,400	24,000	+ 600
Number of grants funded	250	249	253	+ 4
Continuing	249	249	249	---
New	1	---	4	+ 4
Obligations:				
Continuing grants	$54,589,000	$53,481,000	$54,589,000	+$1,108,000
New grants	1,250,000 d/	---	1,301,000	+ 1,301,000
Training and technical assistance	161,000	107,000	110,000	+ 3,000
Evaluation/audits	100,000	100,000	100,000	---
Total obligations	$56,100,000	$53,688,000	$56,100,000	+$2,412,000

---

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

b/ Volunteer service year levels will be maintained by the use of FY 1985 carry-over balances from new or augmented projects and by reducing overhead costs in existing grants to support 376 service years.

c/ Includes non-ACTION-funded volunteers.

d/ Includes funds for one new grant and for the augmentation of a number of existing grants.

General Statement

The Foster Grandparent Program (FGP) is unique because it effectively uses the "grandparent" concept, a social role which can be filled only by an older person. Foster Grandparents are low-income people aged 60 and over who provide supportive, person-to-person services to children with exceptional or special needs. Within health care, special education, and community service settings, Foster Grandparents use their patience, resourcefulness, and skills to address the physical, mental, social, or emotional needs of the children they serve.

Budget Activity 3B: FOSTER GRANDPARENT PROGRAM - continued

Foster Grandparent placements and assignments are developed by matching the older person's interests, skills, and experiences with the needs of children. A Foster Grandparent normally serves 20 hours per week providing special care and attention on a one-to-one basis to three or four children. About 17,300 Foster Grandparents assist approximately 62,000 children on a given day in all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands.

ACTION project grants provide Foster Grandparents with a non-taxable stipend, transportation to and from volunteer stations, an annual physical examination, accident and liability insurance, a meal on service days, and recognition for their activities. Indirect benefits include the personal satisfaction and higher self-esteem that are consequences of helping others who have exceptional or special needs.

Special pre-service and in-service training prepares Foster Grandparents for a variety of placements which range from mental retardation facilities, mental health institutions, youth detention centers, and regular and special schools to foster care and in-home placements in cases of child abuse. Foster Grandparents are part of an interdisciplinary team which helps to alleviate problems faced by children with exceptional or special needs. Foster Grandparents have proved themselves successful in encouraging self-help skills even among the severely retarded and other disabled children. Some teach youthful offenders trade skills from which they can develop occupations and contribute to the communities in which they live. Where child abuse occurs, Foster Grandparents provide love to the child and positive adult role models to the child's parent(s) and the child.

Descriptive surveys of the Foster Grandparent Program have indicated that a great majority of the volunteers consistently see their service as meaningful and that the program has a low turnover rate. From these indications the survey concluded that the program is meeting the goal of providing significant and meaningful volunteer service opportunities for low income persons aged 60 and over.

Budget Justification

The FY 1987 request for the Foster Grandparent Program is $56,100,000, $2,412,000 more than the FY 1986 level.

Continuing Grants	$54,589,000

The FY 1987 request for continuing grants is $54,589,000, which will maintain 249 projects and 17,285 Federally-funded volunteer service years.

New Grants	$ 1,301,000

The FY 1987 request for new grants is $1,301,000, which will fund 4 projects and 400 Federally-funded volunteer service years.

Training and Technical Assistance	$ 110,000

The requested amount will be used to cover the cost of project staff training which will be conducted at regular intervals by ACTION's field offices. Also included is the program's share of the cost of mailing, printing, and miscellaneous procurements.

Evaluation/Audits	$ 100,000

The amount requested will cover the program's share of the cost of audits conducted by ACTION's Office of Compliance.

Budget Activity 3C

SENIOR COMPANION PROGRAM

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Program Data:				
Number of Federally-funded volunteer service years	5,365	5,365 b/	5,445	+ 80
Total volunteers c/	7,300	7,300	7,400	+ 100
Number of grants funded	97	97	97	---
Continuing	97	97	97	---
New	---	---	---	---
Obligations:				
Continuing grants	$17,680,000	$16,952,000	$17,719,000	+$ 767,000
New grants	---	---	---	---
Training and technical assistance	81,000	31,000	42,000	+ 11,000
Evaluation/audits	325,000	325,000	325,000	---
Total obligations	$18,086,000	$17,308,000	$18,086,000	$ 778,000

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 19[illegible] (P.L. 99-177).

b/ Volunteer service year levels will be maintained by the use of FY 1985 carry-over balances from FY 1985 start-up projects to support 95 service years.

c/ Includes non-ACTION-funded volunteers.

General Statement

The Senior Companions, who are low-income people aged 60 and over, provide personal assistance and companionship primarily to older adults. These older adults have physical, mental, or emotional impairments which put them at risk of institutionalization or which preclude deinstitutionalization without the support of a Senior Companion. Through direct project grants, technical assistance, training, research, and evaluation efforts, the Senior Companion Program (SCP) draws upon the resourcefulness and skills of older people, thereby demonstrating the role older volunteers can play in moderating some of the consequences of growing old alone, frail, and afraid.

The Senior Companion Program demonstrates that older persons can perform a critical role in contributing to the solution of problems of aging. It fosters independence and enhances the self-esteem of the Senior Companions by involving them in activities which improve the lives of individuals and communities. It fosters and expands the realization that concerned and knowledgeable older persons can perform a unique role in the long-term care system.

The program assists in meeting the long-term care needs of older people, focusing on the moderately and generally impaired who are without adequate family support. Through the coordination and placement of volunteers through direct health care providers, social service agencies, and Federal and state long-term care programs, assistance is provided in daily living activities to older people who are chronically homebound and at risk of institutionalization.

The Senior Companions also assist clients in patient discharge programs at acute care, mental health, and other long-term care facilities to make the transition to living in less restrictive community settings. In all settings, the Senior Companions serve as personal representatives by linking clients to appropriate services and assuring that they receive benefits to which they are entitled.

Senior Companions normally serve three or four persons for a total of 20 hours per week. They receive a non-taxable stipend, transportation assistance, meals when serving as volunteers, annual physical examinations, and accident and personal liability insurance.

During FY 1987 the program will continue to emphasize in-home services and coordination with existing community-based home health and long-term care systems.

Budget Justification

The FY 1987 request for the Senior Companion Program is $18,086,000, an increase of $778,000 over the FY 1986 level.

Continuing Grants	$17,719,000

The FY 1987 request for continuing grants is $17,719,000. These funds will support 5,445 Federally-funded volunteer service years in 97 projects which will provide service to approximately 19,100 chronically impaired elderly persons, persons in acute care and long-term care institutions, and persons enrolled in community health care programs.

Budget Activity 3C: Senior Companion Program

New Grants $ ---

No new grants will be awarded in FY 1987.

Training and Technical Assistance $ 42,000

The FY 1987 request is $42,000. This amount will support recruitment materials, training for SCP project staff, and printing of program handbooks and technical assistance materials.

Evaluation/Audits $ 325,000

The FY 1987 request for evaluation and audit will support the third and final year of the legislatively-mandated evaluation of the homebound elderly projects at $225,000 and audits of selected projects at $100,000.

Budget Activity 4

PROGRAM ADMINISTRATION

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
A. Program Operations	$11,678,000	$11,448,000	$12,152,000	+$704,000
B. Program Services	13,634,000	12,776,000	12,848,000	+ 72,000
Total obligations	$25,312,000	$24,224,000	$25,000,000	+$776,000

General Statement

Program administration is authorized under Title IV of the Domestic Volunteer Service Act of 1973, as amended, which extends through September 30, 1986. Program administration funds are provided for the operation and support of ACTION's programs and activities. These costs include:

A. Program Operations: Funds for this budget activity are used to finance staff and staff support costs for field and headquarters offices which are directly responsible for the administration of ACTION's programs throughout the United States.

B. Program Services: Funds for this budget activity are used to finance staff and staff support costs for general administrative functions such as grants and contracts, communications, planning, management, evaluation, and personnel, as well as for the management of the programs in the citizen participation and volunteer demonstration activity.

The following table shows full-time positions for program administration activities:

	FY 1986 Estimate	Revised FY 1986 Estimate	FY 1987 Estimate	Increase/ Decrease
Program Operations	302	302	303	+ 1
Program Services	204	204	189	- 15
Full-time permanent positions b/	506	506	492	- 14

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

b/ The compensable work years to be generated by all staff (both permanent and non-permanent) in FY 1987 is 511, a decrease of 14 from the FY 1986 level of 525.

OPERATING EXPENSES, PROGRAM ADMINISTRATION

OBLIGATIONS BY OBJECT a/

	FY 1986 Estimate	Revised FY 1986 Estimate b/	FY 1987 Estimate	Increase/ Decrease
Total number of permanent positions................	506	506	492	- 14
Compensable work years......	525	525	511	- 14
Personnel compensation:				
Permanent positions.......	$16,582,000	$16,582,000	$16,977,000	+$395,000
Positions other than permanent	220,000	220,000	207,000	- 13,000
Other personnel compensation	60,000	60,000	29,000	- 31,000
Total, personnel compensation	$16,862,000	$16,862,000	$17,213,000	+$351,000
Personnel benefits..........	1,887,000	1,887,000	1,926,000	+ 39,000
Travel and transportation of staff..................	907,000	630,000	683,000	+ 53,000
Transportation of things....	2,000	6,000	3,000	- 3,000
Rents, communications and utilities.................	3,100,000	2,987,000	3,143,000	+ 156,000
[Building rents]	[2,000,000]	[2,000,000]	[2,030,000]	[+ 30,000]
Printing and reproduction...	159,000	132,000	120,000	- 12,000
Other services..............	2,052,000	1,541,000	1,718,000	+ 177,000
Supplies and materials......	162,000	135,000	130,000	- 5,000
Equipment	181,000	44,000	64,000	+ 20,000
Total direct obligations....	$25,312,000	$24,224,000	$25,000,000	+$776,000

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a/ Items in brackets are non-add.

b/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

DETAIL OF PERMANENT POSITIONS

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Executive level III............	1	1	1
Executive level IV.............	1	1	1
Executive level V..............	3 a/	2 b/	2 b/
Subtotal......................	5	4	4
ES-6..........................	1	1	1
ES-5..........................	2	1	2
ES-4..........................	2	3	3
ES-3..........................	4	4	4
ES-2..........................	---	1	1
ES-1..........................	2	---	1
Subtotal......................	11	10	12
GS/GM-15......................	31	28	28
GS/GM-14......................	27	27	26
GS/GM-13......................	109	100	105
GS-12.........................	119	124	118
GS-11.........................	21	22	20
GS-10.........................	4	2	2
GS-9..........................	28	24	23
GS-8..........................	5	8	8
GS-7..........................	36	39	35
GS-6..........................	38	39	36
GS-5..........................	62	69	66
GS-4..........................	7	8	7
GS-3..........................	2	1	1
GS-2..........................	1	1	1
Subtotal......................	490	492	476
Ungraded......................	---	---	---
Total permanent positions....	506	506	492
Unfilled positions, end of year	- 25	- 15	- 5
Total employment, end of year	481	491	487

a/ The Domestic Volunteer Service Act Amendments of 1984 (P.L. 98-288) provide for three rather than five Presidential appointees, only one of whom will be compensated at the EX-V level. However, it is the intent of the Congress that current incumbents in the remaining two positions shall maintain their rank and pay until they leave the Agency.

b/ One of the Presidential appointees in a previously-authorized position (footnote a/, above) left the Agency in 1986.

Budget Activity 4A

PROGRAM OPERATIONS

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Program Data:				
Full-time permanent positions	302	302	303	+ 1
Obligations:				
Personnel compensation and benefits	$10,638,000	$10,638,000	$11,230,000	+$592,000
Other expenses	1,040,000	810,000	922,000	+ 112,000
Total	$11,678,000	$11,448,000	$12,152,000	+$704,000

General Statement

The Program Operations staff provides direct support of ACTION's major programs throughout the United States, assuring responsiveness to local needs while maintaining effective programmatic and management direction, review, and coordination through a field staff which is recruited and trained to develop, monitor, and manage each of the programs ACTION administers. Overall program and management guidance, direction, and review are provided by the Associate Director for Domestic and Anti-Poverty Operations through program offices specializing in each of the programs.

The following table shows field and headquarters permanent positions for Program Operations:

	FY 1986 Estimate	Revised FY 1986 Estimate	FY 1987 Estimate	Increase/ Decrease
Field	261	261	265	+ 4
Headquarters	41	41	38	- 3
Full-time permanent positions b/	302	302	303	+ 1

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

b/ Compensable work years for full-time permanent positions are 295 in FY 1986 and 297 in FY 1987.

STATE OFFICES

Staff in the ACTION state offices are responsible for: project development and monitoring; technical assistance; and liaison with state officials and local groups.

REGIONAL OFFICES

The nine ACTION regional directors are responsible for carrying out program direction through line management of state offices; administrative support to state offices and full-time volunteers; coordination of resource allocations within the region; grants management and fiscal services; technical assistance and training to sponsors and full-time volunteers; and review and approval of project funding.

HEADQUARTERS

The Associate Director for Domestic and Anti-Poverty Operations is responsible for carrying out overall direction of programs through management of both regional directors and headquarters staff. Headquarters staff are responsible for: technical assistance and training for regional and state staff; response to Congressional inquiries; central records management; design and distribution of program materials; review and analysis of trends, accomplishment of national goals, and audits; development of program policy and goals; preparation of publications; program planning; and budget development and execution.

Budget Justification

The FY 1987 budget request for Program Operations of $12,152,000 is an increase of $704,000 over the FY 1986 level.

Personnel Compensation and Benefits

$11,230,000

The increase of $592,000 over the FY 1986 level is due to the filling of key positions in the field which have remained vacant due to funding constraints. It also represents the full-year effect of filling vacancies in FY 1986 and the lower lapse rate anticipated in FY 1987 as FTE's are reduced through attrition.

Other Expenses

$ 922,000

The funding requested for this budget category includes travel, transportation of things, rents, contractual services, printing, supplies, and equipment that will be used to support headquarters and field staff.

Budget Activity 4B

PROGRAM SERVICES

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Program Data:				
Full-time permanent positions	204	204	189	- 15
Obligations:				
Personnel compensation and benefits	$ 8,112,000	$ 8,112,000	$ 7,909,000	-$203,000
Other expenses	5,522,000	4,664,000	4,939,000	+ 275,000
Total obligations	$13,634,000	$12,776,000	$12,848,000	+$ 72,000

a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

General Statement

In addition to its responsibilities for the management and administration of its major program activities, ACTION has other functions which relate to volunteer activities and to voluntarism in general, including the development and initiation of innovative volunteer efforts, liaison with non-Federal volunteer organizations, and the encouragement of private sector involvement in the solution of local community problems. These activities are funded from Budget Activity 4B as are those related to overall Agency management and administration. A more detailed explanation of these services is contained on the subsequent pages of this section.

Budget Activity 4B: PROGRAM SERVICES - continued

OBLIGATIONS BY FUNCTION

	FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate	Increase/ Decrease
Voluntarism Initiatives	$ 671,000	$ 727,000	$ 741,000	+$ 14,000
Legislative, Public, and Intergovernmental Affairs	1,224,000	1,112,000	1,125,000	+ 13,000
Compliance	2,059,000	1,114,000	1,127,000	+ 13,000
Agency Management	998,000	1,029,000	1,042,000	+ 13,000
Management and Budget	8,982,000	8,794,000	8,813,000	+ 19,000
Total obligations	$13,934,000	$12,776,000	$12,848,000	+$ 72,000

PERMANENT POSITIONS BY FUNCTION

	FY 1986 Estimate	Revised FY 1986 Estimate	FY 1987 Estimate	Increase/ Decrease
Voluntarism Initiatives	17	17	16	- 1
Legislative, Public, and Intergovernmental Affairs	22	22	20	- 2
Compliance	28	28	26	- 2
Agency Management	24	24	22	- 2
Management and Budget	113	113	105	- 8
Total b/	204	204	189	- 15

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

b/ Compensable work years for these positions are 198 in FY 1986 and 187 in FY 1987.

VOLUNTARISM INITIATIVES

The Office of Voluntarism Initiatives (OVI), formerly the Office of Volunteer Liaison, was expanded in 1985 to administer all Title I, Part C program funds. Its goal is to provide individual, voluntary, neighbor-helping-neighbor solutions to human needs, whether through grant programs, technical assistance, or government-wide initiatives. OVI is responsible for activities of the Agency which deal with the private voluntary sector and citizen participation in the United States as well as for the exchange of ideas and information within ACTION, among Federal agencies, and in the private voluntary sector. This office administers the State Office of Voluntarism (formerly State Office of Voluntary Citizen Participation), Mini-Grant, and Technical Assistance Programs, which are described in detail under Activity 2A, and the Volunteer Demonstration Programs, which are described under Activity 2B.

LEGISLATIVE, PUBLIC, AND INTERGOVERNMENTAL AFFAIRS

The Office of Legislative, Public, and Intergovernmental Affairs was created in 1985 and is responsible for initiating and conducting a national plan to buttress ACTION's ongoing mission and programs. The office develops and maintains liaison with a wide variety of congressional, intergovernmental, media, and private sector sources to promote understanding, support, and voluntary participation. Functions of this office include:

1. Developing and coordinating policy and procedural guidance on all matters relating to the Congress in conjunction with the Director and Deputy Director. Coordinating contacts of all ACTION officials with Congress.

2. Developing and monitoring working relationships between ACTION and state and local governments and other Federal agencies.

3. Developing and implementing ACTION's total communication program and providing advice to the Director and top management on overall communication policy.

4. Maintaining ongoing liaison with the national media.

5. Advising the Director, program directors and other Agency officials on media strategies to advance ACTION initiatives.

COMPLIANCE

The responsibilities of the Office of Compliance were expanded in 1985 by the addition of the program evaluation function, which documents the impact of ACTION's programs on volunteers, sponsors, and communities and assesses the effectiveness of the Agency's programs and projects with respect to goal achievement, impact, and cost. This office also carries out a comprehensive program of audits, investigations, inspections, surveys and reviews, and serves as the principal advisor to Agency management on all matters affecting the integrity of Agency operations. This office ensures the Agency's compliance with Titles VI and VII of the Civil Rights Act and with P.L. 95-507 [8(a) Minority Contracting], and directs the implementation of the equal employment opportunity program, including the discrimination complaint process and the development of affirmative action programs.

AGENCY MANAGEMENT

Top-level management functions for the Agency are provided by the following offices:

1. Office of the Director: The Director of ACTION is responsible for the supervision and control of all ACTION programs and for the support functions that serve those programs. The Deputy Director carries out such responsibilities and authorities as are delegated by the Director.

2. General Counsel: The General Counsel is the chief legal officer of ACTION and provides centralized legal services and support to activities authorized by the Domestic Volunteer Service Act of 1973, as amended.

MANAGEMENT AND BUDGET

Created in 1985, the Office of Management and Budget (OMB) is made up of the following offices, carrying out the responsibilities described below:

1. Associate Director: The Associate Director for OMB is responsible for coordinating and managing the full spectrum of services provided by the operating units within the office.

2. Administration: The staff of the Office of Administration, working closely with headquarters and field staff, strives to meet the needs of program offices in a responsive and timely manner and to increase the effectiveness and efficiency with which services are delivered. Divisions within this office are described below:

Budget Activity 4B: PROGRAM SERVICES - continued

a. Administrative Services: Such functions as property management, the Agency's directives system, printing and distribution, mail and telecommunications services, and coordination of requests filed under the Freedom of Information and Privacy Acts requests are the responsibility of this division. In addition, the division reviews, monitors, and coordinates ACTION organizational changes and conducts management analysis studies to assist management in increasing Agency efficiency and effectiveness.

b. Computer Services: The Agency's automated data processing services, including systems for accounting, grants management, personnel, and staff and volunteer payroll, are provided by the staff of this division.

c. Personnel Management: This division establishes and implements policies, standards, and procedures regarding staff recruitment and placement, classification, and position management, and administers employee relations programs. In addition, the staff provides a full range of personnel services to program and support offices.

3. Comptroller: The Comptroller's Office is responsible for the Agency's financial management systems/reports, accounting, budget, and contracts and grants management funtions. The financial systems review staff monitors the Agency's audit and internal control systems and performs or coordinates reviews to improve the efficiency and effectiveness of financial systems and to evaluate compliance with financial management policies and procedures. The accounting staff maintains the Agency's financial reporting, accounting, and payroll systems, and processes all other financial transactions. The budget staff is responsible for the formulation, presentation, and justification of ACTION's budget requests to both the Office of Management and Budget and the Congress, as well as overseeing the execution of the Agency's budget. The contracts and grants management staff has responsibility for establishing policies and procedures for the procurement and grant award processes; negotiating, awarding, and administering contracts and interagency agreements; awarding grants, and processing purchase orders and procurement requests.

4. Policy and Planning: The Office of Policy and Planning provides Agency-wide direction and coordination of the following activities:

a. Planning: This division defines, presents, analyzes, and periodically reviews ACTION's goals, as well as the Agency's programmatic and administrative objectives, and translates these objectives into both current and long-range plans. It is also responsible for administering the Agency's paperwork reduction activities.

b. Policy Development: This division examines the likely consequences of national policies concerning volunteer services, formulates options for accomplishing the Agency's programmatic objectives, analyzes innovative proposals and legislative initiatives, and supports basic research.

Budget Activity 4B: PROGRAM SERVICES - continued

Budget Justification

The FY 1987 budget request for Program Services is $12,848,000, an increase of $72,000 over the FY 1986 level.

Personnel Compensation and Benefits	$7,909,000

The decrease of $203,000 from the FY 1986 level is attributable to the reduction through attrition of permanent staff and in the use of consultants as well as to the policy of, in so far as possible, replacing employees who leave ACTION with lower-graded employees.

Other Expenses	$4,939,000

This category includes funding for travel, transportation, building and other rents, contractual services (including audits), printing, supplies, and equipment. This request represents an increase of $275,000 over the FY 1986 level for these costs.

Budget Activity 1A

VOLUNTEERS IN SERVICE TO AMERICA

Program Purpose and Accomplishments

FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate
$19,000,000	$18,183,000	$17,890,000

Purpose: The legislated purpose of VISTA is to supplement efforts to eliminate and alleviate poverty by providing opportunities for citizens to perform constructive service as volunteers assisting in the solution of poverty-related problems.

Explanation: VISTA Volunteers are assigned to sponsoring organizations to perform activities determined and defined by the sponsoring organizations and the low-income communities in which they serve. Volunteers assist the communities they work in to solve their own problems. Volunteers serve full-time, are supported at a subsistence level, and live within the community they serve.

Planned Accomplishments for FY 1986: During FY 1986, VISTA will produce 2,400 volunteer service years in more than 500 projects throughout the nation, with more than one-half of the program's resources focused on the problems of illiteracy, unemployment, hunger, and homelessness. All VISTA projects will be encouraged to assist in institutionalizing the volunteers' activities through the generation of private sector financial and material support and the recruitment of part-time local volunteers. Orientation and training of VISTA supervisors in Agency program emphasis areas and private sector fund-raising will be undertaken. Phase Two of an evaluation study focusing on goal accomplishment and community effects of VISTA projects will be concluded, and a project profile form to collect project activities data from VISTA sponsors will be developed.

Objectives for FY 1987: During FY 1987, VISTA will produce 2,325 volunteer service years on nearly 500 projects, focusing again on the functional areas highlighted in the program's authorizing legislation. These efforts will include adult and youth literacy training, procurement and distribution of food to the hungry, fostering private sector involvement in job development and training programs for the unemployed, and assisting in development of shelters for the homeless, runaways, and victims of family or child abuse. VISTA will provide project sponsors with technical assistance and public awareness materials to attract volunteers with special skills needed at certain projects. Recruitment efforts will also ensure that at least 20% of all volunteers are 55 and over as required by P.L. 98-288. A random sample of third-year projects will be evaluated in the third phase of VISTA's goal accomplishment and community effects study. VISTA supervisory training will be continued with particular focus on new supervisors.

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

Budget Activity 1B

SERVICE-LEARNING PROGRAMS

Program Purpose and Accomplishments

FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate
$1,368,000	$1,309,000	$1,368,000

Purpose: The Service-Learning Programs increase the number of student volunteer programs by providing information and technical advice to ACTION grantees, interested schools, community agencies, and national organizations and by funding student service-learning project grants. In this way, more young people will have the opportunity to serve and to learn that service to society is a responsibility of citizenship.

Explanation: Information, training, technical assistance, and grants are given to public agencies and private, non-profit organizations to promote student voluntarism and service-learning programs.

Planned Accomplishments in FY 1986: During FY 1986, ACTION will sponsor a training conference for grantees and student volunteer program managers.

ACTION will fund about 65 student service-learning project grants involving 11,600 youth in community service. These projects will illustrate the value of such service to both its recipients and the volunteers.

Objectives for FY 1987: ACTION will continue to offer training and technical assistance. In addition, student service-learning project grants will continue to stimulate the development of new service-learning programs. ACTION will fund about 85 sponsoring organizations who will be expected to recruit about 17,000 youths as volunteers.

Student volunteers through campus volunteer offices will be channeled into volunteer activities to meet needs in nearby communities which can benefit from volunteer efforts.

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

Budget Activity 2A

VOLUNTARY CITIZEN PARTICIPATION

Program Purpose and Accomplishments

FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate
$680,000	$578,000	$680,000

Purpose: Voluntary Citizen Participation programs respond to requests from the public and private voluntary sectors for assistance in volunteer efforts addressing areas of human needs. The programs provide support and technical assistance to promote the widespread transfer of information and encourage voluntary action programs through public and private non-profit organizations.

Explanation: The State Office of Voluntarism (SOV, formerly State Office of Voluntary Citizen Participation, or S/OVCP) program provides grants to new or existing state offices of volunteer services in order to improve opportunities for voluntary action, to provide leadership, and to stimulate and coordinate volunteer services at the state level. Grants to state governments are provided on a matching basis for up to five years of operation with states providing increasing percentages in the second through fifth years. At the end of five years, the goal is effective institutionalization of these programs at the state level. ACTION's contribution does not normally exceed $50,000 in any of the five years of funding.

Mini-Grants offer the opportunity to show what can happen when small amounts of seed money are made available to public and private organizations and local units of government to involve volunteers in meeting specific human needs. One-time grants, up to a maximum of $15,000 for state-wide projects, provide Federal support to groups organizing to seek long-term funding from non-Federal sources or to initiate new volunteer efforts.

The Technical Assistance Program provides funds to private organizations and state and local agencies to stimulate the development of technical assistance materials. Through this program, technical assistance grants enable non-profit agencies to create the materials to establish and manage volunteer programs and activities more effectively.

Planned Accomplishments in FY 1986: ACTION plans to fund two new SOV's and is continuing to support seven others with continuation grants. ACTION will seek to involve SOV projects in regional conferences to promote program interaction, offer management assistance, and provide information on individual project events and accomplishments. By the end of FY 1986 there will be 9 ACTION-funded SOV's and 25 non-ACTION-funded statewide offices of voluntarism. Benefits of voluntarism documented by the SOV of one state have been estimated at between $2,000,000 and $7,000,000.

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

Budget Activity 2A: VOLUNTARY CITIZEN PARTICIPATION - continued

The Mini-Grant Program will award 17 grants in FY 1986 to local or statewide citizen groups for volunteer efforts. The $150,000 allocated for this program will generate $146,000 in additional non-Federal support and approximately 98,000 volunteer hours at a cost to the Federal government of $1.53 per volunteer hour.

The Technical Assistance Program is funding two grants in FY 1986. These awards will provide for the development of technical assistance to volunteers and volunteer managers in local and area-wide efforts to assist in the more effective recruitment, training, and management of volunteers and to promote self-sufficiency through volunteer resources.

Objectives for FY 1987: The request includes $315,000 for the SOV program to fund six continuation grants. ACTION will assist the 34 statewide offices of voluntarism by inviting their participation in regional ACTION conferences.

The Mini-Grant Program will continue to support local volunteer initiatives and efforts by communities to enhance community self-reliance. Nineteen grants totaling $165,000 will be awarded, emphasizing public/private partnerships and private sector initiatives.

With a budget of $200,000, the Technical Assistance Program will award 13 grants directed toward the development of technical assistance materials fostering the development of public/private partnerships.

Budget Activity 2B

VOLUNTEER DEMONSTRATION PROGRAMS

Program Purpose and Accomplishments

FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate
$1,121,000	$1,146,000	$1,121,000

Purpose: Volunteer Demonstration Programs address areas of human and social concern in which citizens, as volunteers, can contribute to individual self-reliance and community self-sufficiency. ACTION develops and tests program models which, if successful, may form the basis of new program initiatives or may be adopted by the private sector, including voluntary associations, churches, and corporations, or by state and/or local governments.

Demonstration programs strengthen and supplement ACTION's operating programs by enabling the Agency to explore new areas of social concern which may be addressed by its on-going programs and developing improved systems to increase the effectiveness of existing volunteer programs.

Explanation: Grants are awarded to public and private organizations to study and develop volunteer program models and to provide technical assistance for demonstration projects. For large-scale programs, grants in excess of $50,000 will be awarded through a competitive process, as provided in the Agency's authorizing legislation.

Planned Accomplishments in FY 1986: In FY 1986 the Volunteer Demonstration Programs successfully stimulated increased private-sector activity with minimum Federal funding. Funding enabled grantees to: develop a "drop-in" center for counseling for runaway and homeless youth; provide up-to-date information on the harmful effects of drugs on youth and support statewide coalitions of volunteer parent groups to foster drug-free communities; develop literacy and employability programming for youths 24 years of age and younger, especially unmarried mothers and high school dropouts, to increase their literacy levels and employability; assist refugees by providing supportive services in maintaining employment; and assist children in the foster care system to make the transition from that system to an independent living status. In addition, Volunteer Demonstration grants assisted farm families in crisis with financial counseling and vocational and career training.

Objectives for FY 1987: In FY 1987 the emphasis areas for the Volunteer Demonstration Programs will be: drug use prevention; youth literacy and employment; runaway youth; refugees; youth foster care and youth services; and farm families in crisis.

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

Budget Activity 2B: VOLUNTEER DEMONSTRATION PROGRAMS - continued

- In the area of drug use prevention, ACTION will promote the formation of youth, parent, and community groups to prevent drug use among our nation's young people. The program will encourage volunteer activity which leads to increased public awareness of the health consequences of illegal drugs and support for organizing volunteers to promote a drug-free environment.

- The youth literacy and employment initiative will focus on using volunteers to provide literacy and employability training for youths 24 years of age and younger, especially unmarried mothers, high school dropouts, and public housing residents.

- The runaway youth initiative will focus on using volunteers in a non-shelter environment to provide "drop-in" centers for counseling and information and referral services for runaway youth.

- The refugee initiative will focus on using volunteers to provide needed services to refugee women in the ares of job placement, day care, and other supportive services.

- The youth foster care and youth services initiative will focus on using volunteer services to help foster care children who will be or have been released to their own responsibility to leave the court and social service systems and to develop independent living skills. In addition, funding will be provided for projects using young people as volunteers in addressing various community needs and problems.

- Volunteers will assist farm families with financial counseling, vocational training, and career alternatives. In addition, volunteers will link those families or individual family members with groups and agencies who can help them discover new ways to increase farm income from alternative sources, both on and off the farm.

- A proposal is being considered to utilize volunteers sponsored by community organizations to strengthen inner-city families through the provision of an extended community concept whereby volunteers from suburban environments will team with inner-city volunteers to provide family-to-family contact in areas designed to strengthen inner-city families.

Budget Activity 3A

RETIRED SENIOR VOLUNTEER PROGRAM

Program Purpose and Accomplishments

FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate
$29,620,000	$28,346,000	$29,620,000

Purpose: The Retired Senior Volunteer Program (RSVP) provides part-time volunteer service opportunities for people aged 60 and over to participate more fully in their communities through significant volunteer service addressing locally-identified needs.

Explanation: Project grants are awarded to local sponsoring organizations to recruit volunteers, develop volunteer placements, and provide required support. Private non-profit organizations and agencies of state and local governments are eligible to sponsor RSVP projects.

Planned Accomplishments in FY 1986: At the end of FY 1986, approximately 374,000 older Americans will be participating in 749 RSVP projects, contributing an estimated 67,320,000 hours of service. Service opportunities will be expanded through the development of additional volunteer placements in such areas as services to youth, drug abuse prevention, literacy, in-home care, consumer education, crime prevention, and skilled volunteer programming. State governments, in recognition of the value of the services provided by RSVP volunteers, have provided over $5,200,000 to support RSVP program activities in their states.

Objectives for FY 1987: To ensure maximum utilization of program resources RSVP will: develop additional significant volunteer opportunities in local communities, provide guidance and technical assistance to other agencies to expand opportunities available to older people, and continue to promote the utilization of RSVP volunteers with Senior Companions in providing long-term care services for older homebound persons. While the number of projects funded will remain the same as in FY 1986, the number of volunteers will increase to approximately 383,000.

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

Budget Activity 3B

FOSTER GRANDPARENT PROGRAM

Program Purpose and Accomplishments

FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate
$56,100,000	$53,688,000	$56,100,000

Purpose: The purpose of the Foster Grandparent Program (FGP) is to provide meaningful volunteer service opportunities for low-income persons aged 60 or over to assist children with special or exceptional needs in private homes or in community-based settings such as institutions for the mentally retarded, hospitals, day care centers, public schools, and correctional facilities. Foster Grandparents use their patience, resourcefulness, and skills to address the physical, mental, social, and/or emotional needs of the children they serve. Key elements of volunteer service include a supportive one-to-one relationship between the volunteer and the children served, which will enable the children to remain out of or to become capable of living outside of institutions and to help each child develop his or her potential.

Explanation: Project grants are administered locally and are awarded to private, non-profit organizations and state and local public agencies. Project directors are responsible for the recruitment, selection, training, and supervision of volunteers. Foster Grandparents normally serve 20 hours per week providing special care and attention on a one-to-one basis to three or four children. They receive a stipend for their service, transportation to and from their volunteer stations, a meal on service days, an annual medical examination, accident and liability insurance, and recognition for their volunteer service. A sum equal to at least 90% of the Federal share of a project's budget goes to volunteers as direct benefits.

Planned Accomplishments in FY 1986: In FY 1986, 23,400 Foster Grandparents in 249 community-based projects (including non-ACTION funded volunteers and projects) will serve 62,000 children with special or exceptional needs. In addition to traditional FGP assignments, special emphasis will be placed on services in literacy enhancement, drug abuse prevention, and assistance to youthful offenders. An estimated $10,300,000 will be made available to the program through state support for expansion of FGP activities in several states.

Objectives for FY 1987: In FY 1987, approximately 24,000 volunteers in 253 projects (including non-ACTION funded volunteers and projects) will ensure that over 63,000 children receive the maximum possible health, educational, and social benefits from the program.

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

Budget Activity 3C

SENIOR COMPANION PROGRAM

Program Purpose and Accomplishments

FY 1986 Estimate	Revised FY 1986 Estimate a/	FY 1987 Estimate
$18,086,000	$17,308,000	$18,086,000

Purpose: The Senior Companion Program (SCP) offers volunteer service opportunities for low-income people aged 60 and over to provide personal assistance in daily living activities to older people with physical, mental, or emotional impairments. Through direct health care providers and social service agencies assisting chronically impaired older persons, Senior Companions serve those at risk of institutionalization and persons within institutional settings in order to help them achieve and maintain their fullest potential for independent living.

Explanation: Project grants are awarded to private non-profit organizations and state and local public agencies. Local projects enroll eligible Senior Companions and are responsible for their placement, proper training, and supervision. Senior Companions serve 20 hours per week. They receive an hourly stipend, transportation, a meal on service days, an annual physical examination, accident and liability insurance coverage, and recognition for their activities. An amount equal to 90% of the Federal share of a project's budget goes to volunteers as direct benefits.

Planned Accomplishments in FY 1986: Allocations of state funds estimated at $3,700,000 support SCP activities. In FY 1986, an estimated total of 7,300 Senior Companions in 114 projects (including non-ACTION-funded volunteers and projects) will serve approximately 21,700 persons in 50 states, the District of Columbia, and Puerto Rico. Seventeen projects with approximately 870 volunteers are totally supported with non-ACTION funds.

Objectives for FY 1987: In FY 1987, 7,400 Senior Companion volunteers in 114 projects (including non-ACTION-funded volunteers and projects) will assist approximately 22,000 older persons to achieve and maintain their highest degree of independent living.

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a/ Includes the effect of 4.3% reduction required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

TUESDAY, APRIL 22, 1986.

CORPORATION FOR PUBLIC BROADCASTING

WITNESSES

MARTIN RUBENSTEIN, PRESIDENT AND CHIEF EXECUTIVE OFFICER
DONALD E. LEDWIG, VICE PRESIDENT-TREASURER

Mr. NATCHER. At this time, we take up the budget request for fiscal year 1989 for the Corporation for Public Broadcasting, and we have before the committee Mr. Martin Rubenstein, President and Chief Executive Officer.

Who do you have with you this morning?

Mr. RUBENSTEIN. Mr. Chairman, I have Donald E. Ledwig, who is our Vice President and the Treasurer.

Mr. NATCHER. Welcome, and we will be delighted to hear from you.

OPENING STATEMENT BY MR. RUBENSTEIN

Mr. RUBENSTEIN. I welcome this opportunity today to make my first appearance before you on behalf of the Corporation for Public Broadcasting.

Mr. Chairman, I have submitted a prepared statement to the subcommittee, which I ask appear in the hearing record. In the interest of time, and with your permission, I would like to make a very brief opening statement.

I was elected President and Chief Executive Officer by the CPB Board of Directors at its meeting on January 31, 1986.

I come to my present position with almost 25 years' experience in the commercial broadcasting industry. I spent 17 years with the American Broadcasting Company, ABC. My last position with ABC was as Vice President and General Manager of ABC News.

In 1978, I joined the Mutual Broadcasting System, Inc., as Executive Vice President for Administration. I was named President and CEO of Mutual in November 1979, serving in that position until 1984.

I therefore come to my present position with credentials in commercial broadcasting. But, public broadcasting certainly was no stranger to me.

In fact, in my prior positions and through my work with the National Association of Broadcasters, I did come in contact with, and had dealings with elements of public broadcasting, such as National Public Radio.

Turning now to the business at hand, CPB's appropriation request for fiscal year 1989.

I am pleased to report to you today that for the first time in over two years, CPB appears before you with its authorization for appropriations enacted into law.

On April 7, 1986, President Reagan signed into law the Budget Reconciliation Act. It authorizes CPB's appropriations for fiscal year 1987 through fiscal year 1990, inclusive.

The amount authorized to be appropriated for CPB for fiscal year 1989 is $238,000,000. This also is the amount that the CPB Board of Directors voted at its January 1986 meeting to seek for fiscal year 1989.

We make this request acutely aware of and sensitive to today's severe budgetary constraints.

The requested $238,000,000 appropriation for fiscal year 1989 is almost 20 percent under our own calculated need to maintain a 1982 service level.

In short, we are behind the curve of our best estimate of our fiscal year 1989 need, which is for $288,800,000.

And, make no mistake, adequate Federal funding is indeed important. It is Federal funding that provides the "seed money," which has a multiplier effect.

Most important, it is Federal funding that allows public broadcasting to develop advance-year innovative programming in the "pipeline."

Mr. Chairman, members of the subcommittee, as a former commercial broadcaster, I can tell you that without the innovative risk taking of public broadcasting you would not be witnessing the new collaborative remedial attack on adult illiteracy to be undertaken this year; you would not be viewing the educational programming on drug abuse, such as "The Chemical People;" and children would not be able to tune in, listen to, and call in to the radio program, "Kids America," broadcast Monday through Friday from 6:30 to 8:00 p.m., ET.

It is to preserve and to nurture such innovative programming that we seek your support for our fiscal year 1989 appropriation request. For, without you and your support, none of this would be possible.

Mr. Chairman, members of the subcommittee, I look forward to working with each of you in the days and months ahead. I shall be pleased to answer any of your questions to the best of my ability.

Thank you, Mr. Chairman.

[The statement of Mr. Rubenstein follows:]

STATEMENT OF

MARTIN RUBENSTEIN

PRESIDENT AND CHIEF EXECUTIVE OFFICER

CORPORATION FOR PUBLIC BROADCASTING

BEFORE THE

SUBCOMMITTEE ON
LABOR - HEALTH AND HUMAN SERVICES -
EDUCATION

OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

ON

APPROPRIATIONS FOR FY 1989

APRIL 22, 1986

I. INTRODUCTION

Mr. Chairman, members of the Subcommittee . . .

My name is Martin Rubenstein. I am the President and Chief Executive Officer of the Corporation for Public Broadcasting (CPB).

I welcome this opportunity today to make my first appearance before you on behalf of the Corporation for Public Broadcasting.

I was elected President and Chief Executive Officer by the CPB Board of Directors at its meeting on January 31, 1986. I assumed my duties immediately thereafter.

By way of background, I come to my present position with over 25 years' experience in the commercial broadcasting industry. I spent 17 years with the American Broadcasting Company (ABC). My last position with ABC was as Vice President and General Manager of ABC News.

In 1978 I joined the Mutual Broadcasting System, Inc. as Executive Vice President for Administration. I was named President and CEO of Mutual in November 1979, serving in that position until 1984.

I therefore come to my present position with credentials in commercial broadcasting. But, public broadcasting certainly was no stranger to me. In fact, in my prior positions and through my work with the National Association of Broadcasters, I did come in contact with, and had dealings with elements of public broadcasting, such as National Public Radio.

Needless to say, the past two and a half months have been an exceedingly busy time for me, getting up to speed and responding to the demands of my new duties. Consequently, time limitations did not afford me the opportunity to introduce myself to each of you on an individual and more personal basis. I am sorry that this was not possible. I therefore appreciate your indulgence in allowing me to take this occasion to introduce myself to you.

II. CPB AUTHORIZATION

Turning now to the business at hand, CPB's appropriation request for FY 1989 . . . .

I am pleased to report to you today that for the first time in over two years CPB appears before you with its authorization for appropriations enacted into law. On April 7, 1986, President Reagan signed into law H.R. 3128, the Consolidated

Omnibus Budget Reconciliation Act of 1986, as Public Law 99-272. Section 5001 of that Act authorizes CPB's appropriations for FY 1987 through FY 1990, inclusive.

The amount authorized to be appropriated for CPB for FY 1989, pursuant to Public Law 99-272, is $238 million. This also is the amount that the CPB Board of Directors voted at its January 1986 meeting to seek for FY 1989, anticipating enactment of Public Law 99-272.

III. FY 1989 APPROPRIATIONS REQUEST

Thus, the request CPB makes of you today is an appropriation in the amount of $238 million. We make this request acutely aware of and sensitive to today's severe budgetary constraints. We also make this request mindful of the potentially drastic reductions which may be "triggered" by the Balanced Budget and Emergency Deficit Control Act of 1985 (i.e., the so-called "Gramm-Rudman-Hollings" Act), on which oral arguments are to be presented to the U.S. Supreme Court tomorrow, April 23.

Indicative of CPB's sensitivity to these budgetary constraints, the requested $238 million appropriation for FY 1989 is over 17 1/2% under our own calculated need to maintain a 1982 service level.

The $238 million request also is lower than the Administration's earlier projected funding level of $246 million for FY 1989, as set forth in former OMB Director Stockman's February 13, 1985 letter to CPB's President. Subsequently, however, by letter of February 27, 1986, the OMB advised me of the Administration's 47% reduction in its previous planning estimate to $130 million! The effects of a reduction of this magnitude upon public broadcasting could be Draconian. It could mean, for example, that --

- the funds allocated for TV Direct Support would be reduced to its FY 1984 level of $65.9 million, 45% less than the CPB request.

- for program production only $21.9 million would be available. CPB would be forced to reduce its support to the major prime-time series that are the core of the national schedule. The programs most likely to be threatened would be those for which no offsetting corporate or foundation underwriting historically has been available, such as news and public affairs, children's programming, and target audience programming.

- public radio would be allocated $29.2 million. At this level, the capacity of many stations to operate could be seriously jeopardized. Moreover, the national programs currently broadcast would be substantially curtailed or eliminated.

- only $13 million would be available for system support expenses. The result could be either a drastic curtailment of CPB's discretionary activities in training and planning, or the pulling of the so-called "trigger" provision in the law. This latter action could mean a further substantial financial burden to be assumed by the public broadcasting stations to finance these fixed costs.

IV. IMPORTANCE OF FEDERAL FUNDING

While federal funding is not the major source of public broadcasting income, accounting for only about 14% of total income for FY 1984, federal funding is probably the most strategic. It is federal funding that provides the "seed money", and the most important, the ability to develop advance-year programming in the "pipeline". Lacking these federal funds, co-production deals, which require considerable lead time, would be more difficult because stations would have less resources for negotiation. For example, I have heard it said that the loss of federal funding could push public television back to the days when PBS was often referred to as "Primarily British Series!"

Thus, I cannot stress to you too much the importance of the funding that we request of you today for FY 1989.

V. CONCLUSION

Mr. Chairman, Members of the Subcommittee, in conclusion, I come before you today on behalf of the Corporation for Public Broadcasting with but two and a half months in my current position as President-CEO.

I do not come before you proposing a new, expansive and costly agenda to be financed with federal funds.

On the contrary, the limited time I have had in this postion has, at best, afforded me the opportunity to identify the issues; and certainly not to provide all of the answers. But, even if I did have all the answers, it is not in my nature nor my management style to advance extravagant new initiatives. Rather, my current, principal objective is to more effectively use what limited funding is available to CPB. Also, I am acutely aware that by law most of the federal funding provided to CPB flows through CPB to public radio and public television stations. CPB's "discretionary funds" therefore are severely constrained both in law and in fact. But, again, this federal funding is important, and yes, even vital to the continued existence and well-being of public broadcasting, not to mention the congressionally declared policy that --

> " ... it furthers the general welfare to encourage public telecommunication services which will be responsive to the interests of the people both in particular localities and throughout the United States, which will constitute an expression of diversity and excellence, and which will constitute a source of alternative telecommunication services for all the citizens of the Nation .... "

Mr. Chairman, Members of the Subcommittee, next year on November 7, 1987, we will mark the 20th anniversary of the "Public Broadcasting Act of 1967" which, among other matters, authorized the establishment of a non-profit corporation, to be known as the "Corporation for Public Broadcasting." With your help and your assistance on the funding request we make today I hope that on the occasion of that 20th anniversary we will be able to reflect back upon two decades of consistent progress, excellence, and dedication to the pursuit of those objectives for which the Congress established CPB and public broadcasting. I look forward to the opportunity to work with you, and for my part, I pledge to you today my unstinting efforts to those objectives.

Thank you.

MARTIN RUBENSTEIN
PRESIDENT AND CEO

CORPORATION
FOR PUBLIC
BROADCASTING

Veteran broadcaster Martin Rubenstein was elected president and chief executive officer (CEO) of the Corporation for Public Broadcasting (CPB) January 31, 1986, by the CPB Board of Directors. He brings to the Corporation 24 years of experience in the broadcast industry.

Rubenstein was president and CEO of Mutual Broadcasting System, Inc., until April 1984. He joined Mutual in March 1978 as executive vice president for administration and was named president and CEO in November 1979. Under his leadership, Mutual became the first nationwide commercial satellite network. He also significantly expanded Mutual's program offerings from news and sports to cultural and entertainment programs.

Before going to Mutual, Rubenstein spent 17 years with the American Broadcasting Company (ABC) where he moved from executive trainee in the legal department to vice president and general manager of ABC News. Some of Rubenstein's accomplishments at ABC were planning coverage of all special events and negotiating agreements with major talent, including Peter Jennings, Ted Koppel and Barbara Walters. He also led the survey trip to Moscow in 1972 to plan for former President Richard Nixon's 1972 trip to the Soviet Union. In 1974, he made arrangements with Israeli Prime Minister Yitzhak Rabin for an ABC News documentary biography.

Most recently, Rubenstein was a communications consultant in the Washington area where he has lived for seven years.

Among his many affiliations, he is national president of United Cerebral Palsy Associations of America, and a member of

-more-

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the Board of Directors of the Washington Journalism Center and the Brooklyn College Conservatory of Music.

Rubenstein holds a Doctor of Jurisprudence from the Columbia University School of Law, and a B.A. in Political Science from Brooklyn College.

A native of New York City, he lives with his wife, Cora, in Washington, D.C. They have two children, Deborah and William.

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March 1986

CORPORATION
FOR PUBLIC
BROADCASTING

DONALD E. LEDWIG
VICE PRESIDENT-TREASURER

Donald E. Ledwig was elected vice president-treasurer of the Corporation for Public Broadcasting (CPB) November 9, 1984.

Ledwig had been with the Washington office of the LTV Corporation of Dallas, Texas. Prior to joining LTV, he completed a 25-year career in the U.S. Navy with the rank of captain. He served in four ships of the U.S. Pacific Fleet and in various assignments ashore involving business matters with major corporations. He was deputy commander for contracts, Naval Electronic Systems Command in Washington, D.C., from 1981 to 1984, where he contracted for telecommunications and space satellite systems. As director of acquisition and contract policy for the Navy from 1979 to 1981, he approved all major contracts and the managerial accounting systems of defense contractors.

From 1966 to 1972, Ledwig served in fiscal and contracting positions with the Naval Nuclear Propulsion Program under Admiral Rickover. He is a certified professional contracts manager and a former disbursing officer for the U.S. Treasury.

Ledwig holds a B.S. degree in Economics from Texas Technological College, an M.B.A. degree in Financial Management from The George Washington University and is a distinguished graduate of the Naval War College. His military awards include the Legion of Merit.

A native of Lubbock, Texas, he is married to the former Gail Wilcox of Boston, Massachusetts. They have two sons and live in Arlington, Virginia.

# # #

April 1985

1111 16th Street NW Washington DC 20036 (202) 293-6160

PURPOSE OF PUBLIC BROADCASTING

Mr. NATCHER. Mr. Rubenstein, in your opinion, what are the main purposes of public broadcasting generally, in the year 1986?

Mr. RUBENSTEIN. I would say, sir, that the purpose of public broadcasting, to be fully understood has to be taken that it is part of the entire fabric of broadcasting in this country.

We have a marvelous system of broadcasting in this country that combines commercial and public broadcasting entities, and the result of it is to furnish the American people and serve the public interest with programming that would not otherwise be available, if it was determined strictly on a business basis, which commercial broadcasters have to do.

CONDITION OF CPB

Mr. NATCHER. Are you satisfied with the current condition of the Corporation for Public Broadcasting, or do you feel that there are organizational or management changes that should be made?

Mr. RUBENSTEIN. I have run companies before and divisions of major companies in the broadcasting business, and overall, I was pleased when I arrived at 1111 16th Street, to find a dedicated staff at work. They had just been through some difficult times without a President for about eight months.

There will be obviously some fine-tuning that I think will have to be done. I am in the process of still learning. I don't want to make a final conclusion.

Mr. NATCHER. In your opinion, what are the most significant problems facing broadcasting as a whole, public broadcasting? What would you say?

Mr. RUBENSTEIN. Broadcasting as a whole, public broadcasting included, we are in a very fast-moving, innovative and exciting time. The new technology is changing the face of broadcasting more rapidly than in the 25 years I have been in the business, than I have ever seen before.

We have to be prepared for all of these new innovations, and be ready to serve the public utilizing them as well as what we have been working with until now.

CPB AUTHORIZATION

Mr. NATCHER. Your authorization for appropriations was recently extended in the reconciliation bill last month. Can you tell us what this bill provided for the Corporation for Public Broadcasting?

Mr. RUBENSTEIN. This brings us up to the $238,000,000 level.

Mr. NATCHER. As part of the two-year advanced funding procedure, the Corporation is requesting $238,000,000 for fiscal year 1989, an increase of $24,000,000, or 11 percent over the 1988 level.

What is the basis for the figure, Mr. Rubenstein, of $238,000,000?

Mr. RUBENSTEIN. That figure, Mr. Chairman, really was one that we came to through discussion in our needs assessment, as I mentioned in my statement briefly.

Our real feeling for maintaining the 1982-1983 level was $288,800,000. This was the figure that, through discussion, we ended up saying that we would go in with.

JUSTIFICATION OF INCREASE

Mr. **Natcher**. Tell us, if you will, why public broadcasting should receive an 11 percent increase at a time when virtually all domestic programs are being held level or cut back?

How could you justify it, Mr. Rubenstein?

Mr. **Rubenstein**. The truth of the matter is that the moneys that are being requested, as I indicated, do not represent, in our judgment, the full amount that would be necessary to maintain the level of operation to serve the system that we had in 1982.

If I could interject here for a moment, having come out of commercial broadcasting and having had responsibility for budgeting many large broadcasting operations, I am amazed, I am really amazed at the economies and efficiencies that these people have in the system, and that they can produce the quality programming that they do, with the amount of money that they have to work with.

Mr. **Natcher**. How would you plan to spend the $24,000,000 increase, Mr. Rubenstein?

Mr. **Rubenstein**. Well, most of that money is already by statute and formula designated to go directly to the station.

The rest would be utilized for programming, further programming series. We did not have a major programming series in the fall season of 1985, and we are looking for the ability to produce major domestic programming.

ADMINISTRATION REQUEST

Mr. **Natcher**. The President is requesting only $130,000,000 for 1989, a reduction of $108,000,000 below your request. Why are CPB and the Administration so far apart this year?

Mr. **Rubenstein**. I wish I could give you a better answer than I am about to give. I don't know. We requested a meeting with OMB in order to discuss this point, and thus far, they have not been, or they have not seen fit to meet with us.

I don't know why they came in with that figure.

Mr. **Natcher**. Last year, the CPB and the Administration were in complete agreement on the budget. Did anything happen that you know of during the past year that would bring this change about?

Mr. **Rubenstein**. I am slightly copping a plea, in that I have only been there for two months. My staff, however, they could not, when I asked the question why this number, it was the answer that I just gave you.

We have not had a chance to sit down and talk with OMB about it.

Mr. **Natcher**. Does the Administration intend to phase out public broadcasting?

Mr. **Rubenstein**. Mr. Chairman, I can't answer that question. I certainly hope not, but I am not aware of what the Administration's ultimate plan is.

I don't know.

Mr. Natcher. I see.

Mr. Dwyer, I yield to you.

EFFECT OF GRAMM-RUDMAN-HOLLINGS

Mr. Dwyer. With the forward funding procedure, are you subject to Gramm-Rudman sequestrations?

Mr. Rubenstein. We are of the opinion that we are not.

Mr. Dwyer. That would be my opinion. Did you have discussions with them?

Mr. Rubenstein. We responded. At one point, Mr. Ledwig got a call that he may have to send back a large amount. We didn't have it in the till since it was already committed.

ILLITERACY

Mr. Dwyer. One of the topics that keeps coming up at hearings before this committee is the problem of illiteracy in this country. Can you provide us with some examples of programming put together by public television to address this particular problem?

Mr. Rubenstein. Yes, Congressman. In my opening statement, I mentioned the fact that there is a new collaborative effort, a remedial attack on illiteracy to be undertaken. We are working with the American Broadcasting Company on an overall program, attacking this very subject.

Mr. Dwyer. Composition also seems to be a problem.

Mr. Rubenstein. Excuse me?

Mr. Dwyer. Writing skills, composition. Are you doing anything in that area?

Mr. Rubenstein. I can't think of anything specific. I will ask my staff to look at it. In our Education Department, there are several programs, and this may come in under it, and we will furnish you with any detail that you want concerning that.

Mr. Dwyer. It seems to be an area that needs as much help as it can get.

PRIVATE SECTOR SUPPORT

With respect to raising money from private sources, are there any trends in fund-raising that concern you?

Mr. Rubenstein. It is getting harder. Of the total revenue spent on public broadcasting, this appropriation that we are asking for now only represents about 17 percent. We have to depend for a fair percentage on the private sector, and it is getting harder to get it.

STATION PROBLEMS

Mr. Dwyer. Are there any stations in particular trouble right now?

Mr. Rubenstein. Congressman, without even knowing the specifics, I can tell you that there are. We could get back to you with specifics. It is rough out there.

Mr. Dwyer. That might be helpful for the record.

Mr. Rubenstein. We will furnish that for the record.

[The information follows:]

The financial condition of individual stations within public broadcasting varies significantly. And despite an increase in total system income there are definitely stations—both radio and television—which are struggling against financial constraints. For example, we know from recent data that within public television nearly 33.5 percent of the stations experienced a decease in purchasing power of their total income over the period from FY 1981 through FY 1984.

The following is a summary of the types of problems confronting specific stations at the present time that could have far reaching impact on the rest of the system within the near future:

1. Producing stations facing cuts and slowdowns in program development funding:

Reason: Smaller corporate and foundation grants due to increased number of nonprofit applicants.

System Impact: Fewer new programs for national distribution. Effect is the same for radio and television.

Ten of the major markets, producing radio and television stations indicate feeling the effects of this type of reduction not only in their ability to produce programming, but in their station administration activities as well.

2. State and university stations facing cuts in licensee support for programming and station operation:

Reasons: (a) Reductions in state funding for educational institutions. (b) Reductions in state tax revenue due to financial slowdowns in certain major business concerns (e.g., oil industry, agribusiness, etc.).

System Impact: Various including loss of employment for public broadcasting personnel, reduction in program production, station administrative cutbacks, reduction in staff training.

Stations hardest hit are in Oklahoma, Texas, Nebraska, Idaho, Kansas, Alaska, Louisiana and Iowa.

ANCILLARY USES OF PROGRAMMING

Mr. DWYER. Under this budget request, you anticipate $40,000,000 to be spent on television program production for national distribution. What happens to those programs after they have been viewed? Do they go into a vault for posterity?

Are they sold to cable TV stations? Is this a resource of money that we are missing?

Mr. RUBENSTEIN. You just touched something that is very close to my heart. I believe, based on my commercial experience, that there is a great deal of potential in the ancillary uses of this programming that is not being fully realized.

And one of the things I intend to do, just as soon as I fully have my arms wrapped around the situation, in fact, not even—we are going to have a meeting on it this week. There should be additional monies available from these ancillary uses.

Mr. DWYER. Every time I read of someone buying a motion picture production company out in Hollywood, they are buying it because of their old films.

It would be interesting to see. Have your old tapes been saved?

Mr. RUBENSTEIN. The old ones may be more difficult to do something with than the newer material, because I don't think that there was that much attention paid to subsidiary rights, and in a lot of those, we may not have the subsidiary rights.

It may involve a great deal of negotiation going back to get the rights. On the other hand, the new stuff, we are paying very particular attention to.

Mr. DWYER. Coming from New York City and having had this vast experience in the private sector, I wish you well. I hope you do a good job, because there might be a promising funding source there.

Thank you very kindly. Thank you, Mr. Chairman.

OMB HEARING AND RESCISSION REQUEST

Mr. NATCHER. Yes.

Does OMB give you a hearing on your budget request each year? Are you able to appear and talk with them about it?

Mr. RUBENSTEIN. Again, Mr. Chairman, we made the request to appear with them, before them. We have not had that opportunity.

Mr. NATCHER. The Administration, as you know, is also proposing a rescission of $44,000,000 from your enacted 1988 appropriation, or about a 20 percent reduction. What effect would this reduction have on the public broadcasting system, if approved?

Mr. RUBENSTEIN. Mr. Chairman, it would be disastrous. These funds are committed, as you know, to the purpose of forward funding. There are productions in the works already. There are stations that are operating based on the anticipation of these funds.

It could do serious damage to the system.

CPB AND GRAMM-RUDMAN-HOLLINGS

Mr. NATCHER. The Corporation was not affected by Gramm-Rudman in 1986. I believe that is correct. How did you escape this reduction?

Mr. RUBENSTEIN. I think I have very fine staff that read the fine print, and we have not been affected by it.

Mr. NATCHER. All right.

Would the Corporation be affected by any future sequestration of funds under Gramm-Rudman?

Mr. RUBENSTEIN. It would be our position that we would not.

Mr. NATCHER. Well, now, why not, Mr. Rubenstein?

Mr. RUBENSTEIN. On the basis of forward funding, as soon as we get the appropriation, we start making the allocations, and my understanding is that—and that is the major reason for the forward funding, in order to produce the programming and the stations to make their plans.

And it is my understanding that funds already committed would not be affected.

1987 INCREASE IN FUNDS

Mr. NATCHER. You are currently operating with an appropriation of $159,500,000 and will increase to a level of $200,000,000 on October 1.

What will this 25 percent increase enable you to do that you cannot do now?

Mr. RUBENSTEIN. Mostly, Mr. Chairman, it will enable us to produce the programming that I mentioned before; because of the cutbacks in 1981 and 1982, I believe, we had to pull our horns in quite a bit.

It did not allow us to commit to major programming series, and with these new funds, we will be able to get back to that level of production we had before.

Mr. NATCHER. Would you agree that public broadcasting has now fairly well recovered from the budget reductions that occurred in the early 1980s?

Mr. **Rubenstein**. No, sir, I would not. We are still suffering from that.

PUBLIC BROADCASTING'S TOTAL INCOME

Mr. **Natcher**. What was the public broadcasting system's total income from all sources in fiscal year 1985?

Mr. **Ledwig**. We have the 1984 figures, and are just putting together the 1985 figures.

Mr. **Natcher**. What about 1984?

Mr. **Ledwig**. It was just under $1,000,000,000, around $800,000,000. Fiscal year 1984, total non-Federal income, $804,364,000, and total income was $970,966,000.

Mr. **Natcher**. For 1984?

Mr. **Ledwig**. Yes.

Mr. **Natcher**. When you get the transcript back, if you have the 1985 figures, can you put them in for us?

Mr. **Ledwig**. Yes, sir.

[The information follows:]

According to our preliminary estimates, total FY 1985 income was $1.1 billion; non-Federal income, $921.7 million.

Mr. **Natcher**. What percentage of this comes from the Federal Government?

Mr. **Ledwig**. 17 percent of our income.

Mr. **Natcher**. Are all the non-Federal income sources continuing to increase each year?

Mr. **Ledwig**. The percentages stay about the same, and State and local tax base income is actually down, say, from 1979, and private and other sources are up from 1979, and we are staying, the Corporation for Public Broadcasting, our contribution is going down, going down from 21 percent in 1980, down to 14.2 percent in 1984.

So, private sources are coming up slightly, and other sources are going down.

ADVERTISING AND ENHANCED UNDERWRITING

Mr. **Natcher**. What are the Corporation's views with respect to advertising on public television?

Mr. **Rubenstein**. I am not aware that we have taken a formal policy stand on that. I can say, a personal point of view, that would change the nature of public broadcasting from what it is today.

They did have, as a result of the TCAF Commission experiment, and the greatest proponents of it even within the system are not satisfied that anything meaningful would come out of it.

Mr. **Natcher**. Has the use of so-called enhanced underwriting increased substantially in the past year or so?

Mr. **Rubenstein**. There was an experiment in several markets, using this. I believe that experiment is over now.

CPB DISCRETIONARY FUNDS

Mr. **Natcher**. What portion of CPB's budget is considered to be discretionary?

Mr. **Ledwig**. About 10 percent is considered discretionary.

Mr. NATCHER. Explain to the committee how these funds are used.

Mr. LEDWIG. It is 10 percent for our general operations, and if you go into our television production work, it would be more than that, but 48.3 percent of our funds are committed to television community service grants.

Television program production, 17.8 percent. Radio community services grants, 14.4 percent, and so forth. Radio program production and distribution, 7.5 percent.

Mr. NATCHER. Go ahead.

Mr. LEDWIG. This is fiscal year 1985.

Mr. NATCHER. How do you use your own discretionary funds?

Mr. RUBENSTEIN. If you are talking about the programming aspect of it, we have a programming fund, which is an operation of the Corporation, through which there is the opportunity for stations and outside producers to receive funding.

A lot of this is matching money, Mr. Chairman. It has a multiplier effect, and allows us to bring more money into the system. We do that whenever we possibly can.

NUMBER OF STATIONS

Mr. NATCHER. How many public television and radio stations do we have in this country?

Mr. LEDWIG. 317 public television stations and 288 public radio stations that receive support from the Corporation for Public Broadcasting.

Mr. NATCHER. Do these numbers continue to rise each year?

Mr. RUBENSTEIN. Slowly.

Mr. LEDWIG. Yes, they do.

NATIONAL TELEVISION PROGRAMMING

Mr. NATCHER. At the $238,000,000 level, how much money would be devoted to national television production?

Mr. RUBENSTEIN. Again, Mr. Ledwig would give you a precise figure, but that would be a combination of what we do, Mr. Chairman, plus the money that passes through us, as community service grants, that the local stations use for programming.

Mr. LEDWIG. The total for television at the $238,000,000 level would be $160,000,000. Program production would be $40,000,000 of that.

Mr. NATCHER. If you will, describe the process that is followed in deciding how to spend your money.

Mr. RUBENSTEIN. There are several different procedures. A lot of the money passes through the Corporation with the stations making their own decisions.

As far as the Corporation is concerned, our programming fund uses panels that receive submissions from various entities, either station consortia or outside producers.

Our Annenberg fund, which has $10,000,000, 15 years from the Annenberg Foundation, as you know, uses panels as well, and their Council comes up with a final decision.

In our Education Department, many projects pass through there, and also I believe using panels.

PROGRAM FUND PANELS

Mr. **Natcher**. To what extent are people from outside the public broadcasting industry included on the review panels?

Mr. **Rubenstein**. Quite a bit. The outside panels are independent individuals. Of course, when you get to the station, production consortia there, you have people from public broadcasting involved themselves.

Mr. **Natcher**. Does the Board of Directors have any role to play in the selection of programs to fund?

Mr. **Rubenstein**. No, sir.

CHILDREN'S PROGRAMMING

Mr. **Natcher**. How much money will you devote to children's programming in 1987? Do you have some figure on that?

Mr. **Ledwig**. I will submit that for the record.

[The information follows:]

The precise allocation of FY 1987 funds to particular program areas will be determined by the CPB Board at its May, 1986 Board meeting. It is likely that funds specifically allocated to Children's Programming will be increased from the FY 1986 level of $10.0 million.

Mr. **Natcher**. Can you tell us how much you would spend on this at the level of $238,000,000, and put that in the record for us, too, if you will, please?

[The information follows:]

Since the production of public television programs requires the cooperation and financial assistance of many different groups, we cannot project the specific level of support CPB would provide in any particular program area in FY 1989. However, our commitment to sustaining our position as a major funder of children's programming will require us to continue funding at the FY 1986 level of $10.0 million or higher depending on the particular projects underway and the level of funds available from other funders.

Mr. **Natcher**. What are some of your current major efforts in children's programming?

Mr. **Rubenstein**. Children's programming, we have "Wonderworks". We have "3-2-1 Contact", and "Wonderworks", and "Reading Rainbow", that is television; and then in radio, we have a program called "Kids America".

Mr. **Natcher**. All right, Mr. Dwyer.

Mr. **Dwyer**. No further questions.

PRODUCTION COSTS

Mr. **Natcher**. Why is it that increases in the cost of program production continue to exceed the rate of inflation for the economy as a whole? What would you say about that?

Mr. **Rubenstein**. I am not exactly familiar with that statistic. You are saying the rate of program production is——

Mr. **Natcher**. Turn now to your justification book, and take a look at that. That is on page 8.

Mr. **Ledwig**. If I might respond, Mr. Chairman?

The inflation rate varies between industries, and in the broadcasting industry, the rate that we have experienced is higher.

Also, we compete in public broadcasting with commercial broadcasting entities, which pay higher rates to people in the performing arts, people doing technical work and so forth, and there are times when employees go from one industry to the other, so the trend is upward in those costs to us.

Mr. NATCHER. Does the CPB make an effort to hold down these production costs?

Mr. LEDWIG. We certainly do, through negotiations and comparisons with production costs. We have recently employed another person with extensive knowledge in analyzing production budgets, and so forth.

CPB BOARD OF DIRECTORS

Mr. NATCHER. How many members do you currently have serving on your Board of Directors?

Mr. RUBENSTEIN. There are now five members of the Board, Mr. Chairman.

Mr. NATCHER. Do you know if the Administration will submit nominations soon?

Mr. RUBENSTEIN. The Administration has submitted two names thus far, and we expect the other three shortly.

Mr. NATCHER. In the record, provide a biographical sketch of the members currently serving, showing the expiration date of each.

[The information follows:]

RICHARD BROOKHISER, MEMBER, CPB BOARD

Richard Brookhiser of New York City has been a member of the Board of Directors of the Corporation for Public Broadcasting since February 1983. His term expires in 1987.

Brookhiser is managing editor of National Review magazine. He joined the publication in 1977, and in 1979 became the youngest editor in the magazine's history. He also is a contributor to American Spectator.

Born February 23, 1955, in Irondequoit, N.Y., he was graduated summa cum laude from Yale University in 1977 with a Bachelor's degree in English. Brookhiser is a member of Phi Beta Kappa and the Philadelphia Society. His wife, Jeanne Safer, is a psychoanalyst.

HOWARD D. GUTIN, MEMBER, CPB BOARD

Howard D. Gutin of San Antonio, Texas, joined the Board of Directors of the Corporation for Public Broadcasting in September 1984 as the representative of public television. His term expires in 1989. He is president/director of national development of the Southwest Texas Public Broadcasting Council, including KLRN-TV, San Antonio, and KLRU-TV, Austin. He served as president and general manager from 1981 to 1985.

Gutin came to KLRN/KLRU-TV in 1979 as director of production. In 1980, he was promoted to vice president and station manager of KLRN-TV, then vice president and acting general manager of KLRN-KLRU-TV.

Gutin previously had a long career in the U.S. Army and retired with the rank of Lt. Colonel. His positions included senior medical staff officer responsible for Plans, Operations and Intelligence in Vietnam; administrative assistant and senior aide to The Surgeon General of the Army; audiovisual consultant to The Surgeon General of the Army; director of media, Academy of Health Sciences, U.S. Army; and audiovisual consultant to Commander, U.S. Army Health Services Command. Among other decorations, he holds the Legion of Merit, Bronze Star and Meritorious Unit Citation with Oak Leaf Cluster.

Gutin is chairman, Community Relations Council, Jewish Federation of San Antonio; serves on the steering committee, United Negro College Fund; and is a member of San Antonio's Mayor's Committee for the Disabled; Disabled American Veterans; Veterans of Foreign Wars; and Jewish War Veterans.

Gutin holds a bachelor's degree in education from the University of Nebraska and is a graduate of the U.S. Army Command and General Staff College, Ft. Leavenworth, Kan. A native of New Jersey, he is married to Karla Kay Tiffee Gutin. They have three children and live in San Antonio.

WILLIAM LEE HANLEY, JR., MEMBER, CPB BOARD

William Lee Hanley, Jr., of Greenwich, Conn., a member of the Board of Directors of the Corporation for Public Broadcasting from February to March 1984, was reappointed in September 1984. His term expires in 1987.

A native of New York City, Hanley has headed Hanley Company, Inc., of New York, a clay products and oil exploration firm, since 1968. He is also a partner with the political consulting firm of Black, Manafort & Stone, Inc.

In 1980, Hanley was executive director of the Connecticut Reagan-Bush Committee. He served as the vice chairman of the Greenwich Republican Town Committee in 1982.

Hanley served on the Board of Directors of the Brick Institute of America, 1979–1980; Young Presidents' Organization, Metro New York Chapter, 1981-present; and J.M. Foundation, 1982-present. He has also been active in community affairs. He is a trustee of Greenwich Hospital, Boys' Club of Greenwich, International Center for the Disabled, and Greenwich Academy.

Hanley received his bachelor's degree in economics from Yale University in 1964. He is married to Alice H. Hanley and is the father of five daughters.

SHARON PERCY ROCKEFELLER, MEMBER, CPB BOARD

Sharon Percy Rockefeller of Charleston, W. Va., has been a member of the Board of Directors of the Corporation for Public Broadcasting (CPB) since October 1977. In 1983, she was reappointed to a second term that expires in 1987. She served three one-year terms as chairman of the Board of Directors, elected in September 1981 and unanimously reelected in September 1982 and September 1983. She served as vice chairman from September 1980 to September 1981. She also has served as chairman of the Board's Planning and Legislation Committee and the Education Committee.

Additionally, she is serving a second term on the national Board of Directors of the Greater Washington Educational Telecommunications Association, licensee of public stations WETA-TV and WETA-FM in Washington, D.C. She has served eight years on the West Virginia Educational Broadcasting Authority, which holds the licenses for three public television and six public radio stations. Her term extends to 1993.

Rockefeller is active in national and community affairs. Some national Boards of Directors on which she serves include the PepsiCo Inc., Smithsonian's National Museum of American Art, the Rockefeller Brothers Fund, the Rockefeller Management Corporation, Committee for National Security, the National Women's Political Caucus, the Women's Campaign Fund, and the International Council for the Museum of Modern Art in New York City. She served on Stanford University's Board of Trustees for ten years, from 1974–1984. She was national co-chair of ERAmerica. She is a former Board member for the Day Care and Child Development Council of America and for Operation Crossroads Africa.

She also serves on the Advisory Council of the West Virginia Commission on Women and was a member of the Board of the West Virginia Foundation for the Humanities. In 1968, she founded Mountain Artisans, an antipoverty business that promotes the skills of low-income West Virginia women. She taught a Headstart class for two years in Coal Branch Heights, W. Va. In addition, she served as chairman of Sunrise, Inc., Charleston's cultural complex, and on the Community Relations Council of the Charleston Job Corps.

In addition to a B.A. degree in French Literature from Stanford, she holds an honorary Doctor of Humane Letters from Hamilton College, Clinton, N.Y., West Liberty State College, West Liberty, W. Va., and Wheeling College, Wheeling, W. Va.; an honorary Doctor of Laws from the University of Charleston, and Beloit College, Beloit, Wis.; and an honorary Doctor of Public Services from Alderson-Broaddus College, Phillipi, W. Va.

She is married to John D. Rockefeller IV, U.S. Senator from West Virginia, and is the daughter of former U.S. Senator Charles H. Percy. She lives in Washington, D.C., with her husband and four children, John, 17; Valerie, 15; Charles, 13; and Justin, 7.

LLOYD KAISER, MEMBER, CPB BOARD

Lloyd Kaiser of Pittsburgh, Pa., joined the Board of Directors of the Corporation for Public Broadcasting in September 1984 as the representative of public radio. His term expires in 1989. He is president and general manager of Metropolitan Pittsburgh Public Broadcasting (MPPB), Inc., including WQED-TV, WQEX-TV, WQED-FM, "Pittsburgh Magazine" and QED Enterprises. He has held this position since 1970.

Under Kaiser's leadership WQED-TV produced "The Chemical People," "The National Geographic Specials," "Previn and The Pittsburgh," "Once Upon a Classic," "Kennedy Center Tonight," and "Newsweek's 'Cover Story'." The more than 100 awards MPPB received during Kaiser's tenure include four George Foster Peabody awards and 15 Emmys.

Before joining MPPB, Kaiser served for six years as founding general manager of public television station WITF-TV, Hershey, Pa. He also initiated public television in Rochester, N.Y., and was a professor and director of radio and television at Lehigh University and the State University of New York at Fredonia.

Kaiser serves as an executive committee member on the Public Broadcasting Service (PBS) Board of Directors, and as president of the Eastern Educational Network (EEN). Locally, Kaiser serves on the boards of the United Way of Southwestern Pennsylvania and the Health and Welfare Planning Association.

Previously, Kaiser served as vice chairman, Board of Directors, PBS, 1969-1971; vice president, EEN, 1970-1972; board chairman, National Association of Educational Broadcasters, 1972; and board member, National Educational Television Affiliates, 1967-1968.

Kaiser holds bachelor's and master's degrees from the University of Michigan. A native of Michigan, he is married to the former Barbara Wieand. They have two college-age children and live in Oakmont, Pa.

Expiration dates of the terms of current CPB Board Members: Richard Brookhiser—March 26, 1987; Howard D. Gutin—March 1, 1989; William Lee Hanley, Jr.—March 26, 1987; Lloyd E. Kaiser—March 1, 1989; Sharon P. Rockefeller—March 26, 1987.

NATIONAL PUBLIC RADIO

Mr. NATCHER. What is the current financial situation of National Public Radio?

Mr. LEDWIG. They have greatly improved their financial standing, paying back most of a $7,000,000 loan to the Corporation for Public Broadcasting in increments. They have actually stayed ahead of the repayment schedule.

Currently, of the $7,000,000, only $226,469 is outstanding. That is $473,531 more than is due as of now, so they are ahead of schedule in paying back their loan; and their balance sheet has also improved each year.

They are not completely out of the woods, but they are on their way.

Mr. NATCHER. When will the debt be paid off?

Mr. LEDWIG. By the 30th of September, 1986.

Mr. NATCHER. A new system of public radio financing has been adopted. Can you explain how this system works?

Mr. LEDWIG. Currently, much National Public Radio programming is bought by the Corporation for Public Broadcasting from National Public Radio. Starting with the new fiscal year, fiscal year 1987, we will instead increase the community service grants to the public radio stations, essentially by that amount with some held back for a programming fund, which we will keep at CPB.

The stations then will buy the programming from National Public Radio, and from other sources.

Mr. NATCHER. What percentage of public radio funds will be retained by CPB, and how will these funds be spent?

Mr. **Ledwig**. We are proposing to retain $3,000,000 for our radio program fund, through which we can select programs for national distribution as we do for television.

Mr. **Rubenstein**. The machinery, Mr. Chairman, since this is going to be new, the machinery hasn't been finally worked out yet.

Mr. **Natcher**. Under the new system, what degree of financial oversight will CPB maintain over National Public Radio?

Mr. **Rubenstein**. Well, we will work, more or less, the way we do on the television side, and as Mr. Ledwig indicated, there will be a financial aspect to all of the grants, request for funds submitted to us.

We will continue as we do in television, paying close attention to how the money is expended.

CPB INVESTMENT INCOME

Mr. **Natcher**. What was the Corporation's investment income in 1985?

Mr. **Ledwig**. From unrestricted sources, $8,758,685, and from restricted, income to the Annenberg CPB project, $2,868,251, for a total of $11,654,136.

Mr. **Natcher**. How much do you currently have invested?

Mr. **Ledwig**. We currently have invested $99,457,000.

We are expecting to earn only $6,850,000 in investment income in this fiscal year.

Mr. **Natcher**. What kinds of instruments do you invest in?

Mr. **Ledwig**. CPB invests its funds in U.S. Government and government insured notes, banker acceptances of the largest U.S. banks and certificates of deposit.

CPB EMPLOYEES AND ORGANIZATION

Mr. **Natcher**. How many employees do you currently have?

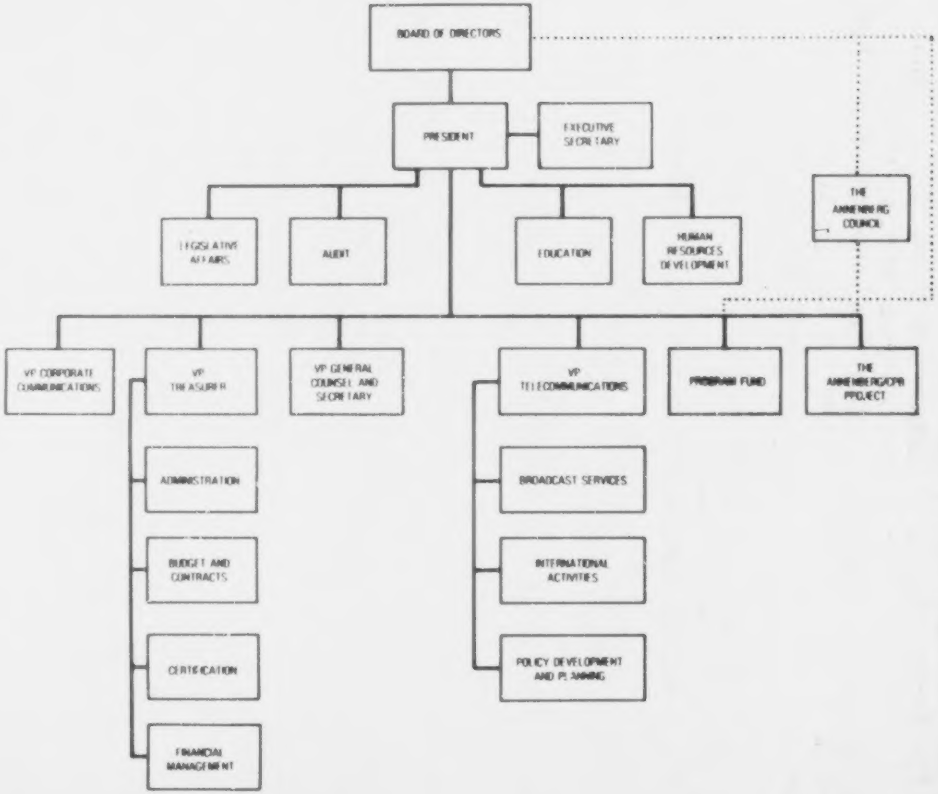
Mr. **Ledwig**. 110 employees.

Mr. **Natcher**.

For the record, provide an organization chart for the Corporation, and place it in the record at this point.

[The information follows:]

CPB Organization Chart


BOARD OF DIRECTORS
PRESIDENT
EXECUTIVE SECRETARY
LEGISLATIVE AFFAIRS
AUDIT
EDUCATION
HUMAN RESOURCES DEVELOPMENT
THE ANNENBERG COUNCIL
VP CORPORATE COMMUNICATIONS
VP TREASURER
VP GENERAL COUNSEL AND SECRETARY
VP TELECOMMUNICATIONS
PROGRAM FUND
THE ANNENBERG/CPB PROJECT
ADMINISTRATION
BUDGET AND CONTRACTS
CERTIFICATION
FINANCIAL MANAGEMENT
BROADCAST SERVICES
INTERNATIONAL ACTIVITIES
POLICY DEVELOPMENT AND PLANNING

Mr. NATCHER. Mr. Dwyer.

Mr. DWYER. I have no further questions, Mr. Chairman.

Mr. NATCHER. Mr. Rubenstein, we want to thank you and your associates for appearing before our committee at this time on behalf of your budget request for the fiscal year 1989. This has been a good hearing, and Mr. Rubenstein, we want to wish you the best of everything.

Mr. RUBENSTEIN. I thank you, sir. Thank you for the opportunity of appearing before the committee.

Mr. NATCHER. Thank you very much, gentlemen.

[The following questions were submitted
to be answered for the record:]

ROLE OF PUBLIC BROADCASTING

Mr. Conte: Mr. Rubenstein, from your impressive background in commercial broadcasting I know you must have been familiar with the work of CPB long before you came on board. Now that you're in the driver's seat, though, things must look a little different. Can you give us some of your preliminary or broad views of the role you see played by public television and radio in this country?

Mr. Rubenstein: Following my brief two and one-half month tenure as President and Chief Executive Officer of CPB, I certainly do not profess to have had sufficient time to identify and answer all of the many issues confronting public broadcasting. But, yes, I do have some preliminary or broad views of the role I perceive is played by public television and radio in this country.

First and foremost, I believe that for too long the broadcast industry has been perceived in segments -- a commercial segment and a public segment. This is contrary to the facts. In truth, we are one industry, each sector dependent upon the other. By considering broadcasting as a fabric whose interdependent parts make up the whole, one begins to understand the genius of our industry. We are not in competition. We complement each other. But, public broadcasting -- television and radio -- performs a special service to this country, which commercial broadcasting does not. The reverse is true as well.

Public television is without question one of the most precious resources in the United States. This medium has become the primary means for millions of Americans to enjoy programs that enlighten, enrich, and entertain -- programs that bring the best of our culture and heritage into their lives.

Public television enjoys a broad constituency. Our audiences reflect the diversity of America itself in educational and income levels, occupation, racial composition and geographic distribution. Public television serves eighteen and a half million school children in their classrooms. And, it serves over one million college and adult learners who are continuing their education.

Thus, our -- public broadcasting's -- purpose is different from that of commercial broadcasters. We are not out to deliver the largest audiences to advertisers. Our purpose is to provide programs of "high quality, diversity, creativity, excellence, and innovation" to our communities. Public broadcasting also has a special obligation to targeted audiences, be they the nation's children, ethnic minorities, senior citizens, the print-handicapped, the hearing-impaired, or adult illiterates.

Public broadcasting also has served commercial broadcasting well. Many of the programming pressures commercial broadcasters might have otherwise felt do not exist because we serve the special audiences noted above.

Now, having identified what I perceive as the unique role of public broadcasting, it does have a major problem. That major problem is adequate and -- more importantly -- predictable funding. How can the system thrive rather than just survive? And, thrive on a permanent, secure basis.

Personally, I think that we may have reached -- for the present -- the limit in terms of what the Congress feels it is able to give us. Commercial broadcasting must understand our funding problems. There seems to be recognition on the part of commercial broadcasters that they should do something to assist us with our funding problems. But for 20 years, nothing has been forthcoming. Yet we must find additional support. To this end, commercial broadcasters must be forthcoming.

We must also look to the private sector for additional corporate funding. Perhaps we are not getting our message across to them as well as we could. Perhaps we have an obsession with talking about the size of our audience, without expressing to the corporate sector the quality of our audience. Perhaps with this kind of information, we can become a part of a corporate marketing plan rather than a supplicant begging for help. In short, we need be more sophisticated in how we "market our product". And here I am approaching the problem as a commercial broadcaster.

But in order to do this, we must make an extraordinary effort to emphasize the qualitative nature of our audience. This and this alone constantly distinguishes us from our commercial brethren.

All of public broadcasting is challenged with these and many more issues. Not only public television, but public radio. And it is not only the stations, but the entire public broadcasting system. Together we must plan and identify strategies to expand our limited resources.

MEANING TO CPB OF RECENT INCREASES

Mr. Conte: This Committee did not approve the $44 million rescission request, and the Corporation will be at its newly authorized ceiling of $214 million in FY 1988. This, along with the $200 million we provided for in FY '87, are a couple of the great strides we've taken on this Committee to bring CPB back onto track, and to begin producing some new programs for the future. Can you tell us what these increases have meant to CPB, and what kinds of things we can hope to see in the future because of this funding?

Mr. Rubenstein: The increases in funding for CPB which the Congress enacted and the President signed have meant a great deal to CPB and the public broadcasting community it assists.

First, the increases in FY 1987 and FY 1988 will mean that we are making strides toward restoring service levels that were so drastically reduced with the cuts in FY 1984-1986. There will be considerable growth in Community Service Grants (CSGs) to stations, even with recipients. By law, these grants are to be used primarily for programming and programming-related services, so we can hope to service more and better programming from the stations.

Second, CPB will be able to sustain and in some areas increase its own commitment to quality television programming by providing continued funding for the major children's and educational programming which we now currently support, such as "3-2-1 Contact," "Reading Rainbow" and "Wonderworks," and to provide support for the upcoming math series being produced by Children's Television Workshop. We are exploring further initiatives in children's programming which we hope will provide a supplement, if not an alternative to commercial weekend programming for children.

Third, we can use the increased funding to sustain the excellent prime time general audience programming in drama, public affairs, documentaries and performance programming which have become the foundation upon which the national prime time schedule rests. We hope to stimulate new series as well as to provide more excellent programming to national audiences.

Fourth, the increase will provide the public radio stations with the resources to implement the new financial relationship which CPB helped to develop in national radio programming. With CPB assistance, the public radio stations will be able to use their funds to purchase and produce quality programs for national distribution from a variety of sources. This process will hopefully stimulate competition among sources of programming, reduce costs and increase supply.

CPB will also continue to support its own efforts in training and development, instructional programming and planning, and other technical assistance areas.

The most important thing these increases mean to the future is having in place known, predictable funding levels upon which CPB and public broadcasting can plan and make commitments. We are currently working to take full advantage of this benefit in programming and will explore other areas as well.

Mr. Conte: Will the request you are making for '89, $238 million, continue you along that road to recovery, or is that still short of the mark?

Mr. Rubenstein: The proposed request will continue CPB and public broadcasting on the road to recovery, and we strongly urge this Subcommittee to continue its steadfast support for the increase. I must point out, however, that the $238 million still falls short of our own projected needs to fully restore services to the FY 1982 service levels. This amount would be about $288 million or $50 million short. You can see, therefore, that we have scaled back our own requirements to meet existing funding realities.

EFFECT OF ADMINISTRATION'S REQUEST

Mr. Conte: What would be the effect if we approved the budget request of $130 million? Would actual programs be cut?

Mr. Rubenstein: Yes, every program area would be cut, and without question, programs would be eliminated if we received $130 million. CSGs would be less than they were in FY 1982 and FY 1983. Some stations would probably go off the air as a result. In programming, CPB support would be drastically cut or eliminated across the board which would jeopardize the existence of many of the major series we fund. Support for minority and independent programming would also be severely curtailed. CPB support for industry fixed costs such as music royalty fees and interconnection would be reduced, and might require using the "trigger" mechanism whereby the stations may have to pay for some of these costs. Finally, our support and technical assistance activities in training, instructional programming and our own administrative activities would be drastically cut.

GRAMM-RUDMAN-HOLLINGS

Mr. Conte: You must be quite a wizard, Mr. Rubenstein, because you're the only one we've had up here in two and a half months of hearings that has escaped the Gramm-Rudman-Hollings massacre. How did you do it? It's a greater wonder than some of the things I've seen on "Nova".

Mr. Rubenstein: CPB's ability to escape the impact of the Gramm-Rudman-Hollings legislation for FY 1986 was a credit to the wisdom and foresight of Congress in authorizing the creation of a legally-unique organization for CPB and giving it a long-range financing arrangement. This arrangement was intended to protect CPB's mission from just the type of occasional federal budget adjustments represented by this legislation. CPB made the argument that it was intended by Congress to be a private, non-governmental corporation outside of the influence of the Executive Branch. Its forward-year authorizations and advance-year appropriations, established by Congress in 1975, were intended to allow CPB to provide predictable and reliable programming and financial support to the nation's public broadcasting stations. In establishing the concept of forward funding, Congress recognized the unique nature of radio and television programming with the necessity of forward funding for planning in order to maintain programs in the pipeline. The current year impact of Gramm-Rudman-Hollings would have been inconsistent with this long-established Congressional intention. In addition, in 1981, Congress resumed the practice of requiring the Secretary of the Treasury to disburse CPB's full appropriation on the first day of each fiscal year. Therefore, for FY 1986, the entire appropriation had been disbursed to CPB and committed by it. The terms of the Gramm-Rudman-Hollings legislation provided that no recoupment should be required as a result of its application. Therefore, CPB's FY 1986 appropriation was not reduced.

Mr. Conte: Would CPB continue to be immune from cuts if the sequester went into effect next year?

Mr. Rubenstein: For reasons of Congressional intent described in the answer to the preceding question, coupled with CPB's advance-year funding, a concept not addressed directly by Gramm-Rudman-Hollings, it is CPB's position that it should not be subject to reductions from sequestration in years subsequent to FY 1986 as well. CPB's obligations to provide predictable and reliable support for programming (a long-range activity) and to protect the programming and recipients of CPB funds from extraneous interference or control will remain in place as long as CPB is authorized under the current Public Broadcasting Act. The intentions of Congress in establishing a more secure long-range financing arrangement for CPB will remain in place. The very reason for the existence of an entity organized as CPB is -- to be separate and independent from the Executive Branch budget adjustments -- will remain in place. For those reasons, CPB feels that it would be just as inappropriate for Gramm-Rudman-Hollings to impact CPB in later years as it was inappropriate in FY 1986.

NATIONAL PUBLIC RADIO

Mr. Conte: Tell me a little about my friends at National Public Radio. How much does NPR currently owe CPB, as a result of the bailout, and will that debt still be repaid by the end of this fiscal year?

Mr. Rubenstein: Currently, NPR owes CPB $226,469 on the original $7 million loan. NPR is currently ahead of the repayment schedule, and the final loan payment is due September 30, 1986.

Mr. Conte: What is the current financial state of National Public Radio, is it sound?

Mr. Rubenstein: NPR has greatly improved its financial position over the past three years. Last fiscal year, NPR ended the year with a $1 million operating surplus. We have every expectation that NPR's financial position will continue to improve.

Mr. Conte: Recently, I believe, the Corporation approved a new method of funding public radio. Can you tell us how that works and what its advantages are over the old system?

Mr. Rubenstein: CPB has increasingly delegated to stations greater responsibility for national programming by giving them increased CSGs. CSGs are to be used "primarily for programming," and as the CSG payments have increased, a public radio marketplace has developed. If this marketplace continues adjusting to public radio needs, it could serve as the means by which CPB fulfills its responsibility of ensuring that high quality, diverse programming is made available.

Considering the level of stability and sophistication demonstrated in recent years by the public radio stations, e.g., their full funding of the interconnection system and their full funding of NPR's debt, considering CPB's general practice of delegating greater resources to the stations and considering the developing marketplace for public radio programming, CPB determined that it was appropriate to modify its approach to funding national radio program production.

In FY 1987, of the 29 percent of radio funds allocated to national program production, CPB will distribute 22 percent of the funds as National Program Production and Acquisition Grants. These funds will be dispersed directly to stations according to the same formula and on the same payment schedule as CSGs but will not be considered CSGs. They would be exclusively for use in the acquisition and promotion of or production, promotion, and distribution of national programming of high quality, diversity, creativity, and innovation with strict adherence to objectivity and balance in all programs or series of a controversial nature.

Historically, CPB has determined with national program funds the type of programming to be produced and the producer. Under this alternative method of funding, CPB will broaden the station's discretion by permitting them to choose both the program type and the producer, so long as they use the funds for national programming. Nonetheless, CPB would retain discretion to determine acceptable uses of these funds. CPB will annually evaluate this plan and adjust funding allocations to assure statutory obligations are met.

CPB also determined that the remaining 7 percent be reserved by CPB for the creation of a fund for innovative programming, i.e., programming that serves an important purpose in the system but which initially may not attract sufficient funds in the marketplace to succeed.

Under this mechanism, stations may choose to purchase programming directly from National Public Radio. NPR's programming and budget will, therefore, be more directly responsive to stations' programmatic needs.

FY 1987 will be the first year of operating under this plan. The only change anticipated in NPR's major program vehicles of "All Things Considered" and "Morning Edition" is an expansion of the latter to include a Sunday broadcast.

Mr. Conte: Under your request for FY '89, how much would go to the radio side of things, and how would that money be apportioned?

Mr. Rubenstein: The statute sets forth an allocation formula that requires radio to receive 25 percent of 90 percent of the appropriation ($238m x .90 x .25 = $53,550m). This sum is divided between local community service grants and national programming funds.

Stations are currently receiving 71 percent of the allocation for community service grants, 22 percent in grants for the production or purchase of national programming, the remaining 7 percent is in a program fund for innovative projects and to assure that specialized audiences and independent producers are included in radio programming initiatives.

Radio also benefits from CPB's payments for the system's fixed costs, i.e., satellite debt, interconnection facilities, and copyright.

Radio also receives funds from CPB's other system support programs in the areas of training, research, development, promotion and educational activities.

CPB BOARD OF DIRECTORS

Mr. Conte: I understand that the Corporation does not have a full Board of Directors at this time, and that the Board's spring meeting was canceled because there were only five members of the ten needed.

Will this current situation have an effect on the operations or policies of the Corporation and the stations and producers who work with it?

Mr. Rubenstein: On March 26, 1986, the terms of five members of the CPB Board of Directors expired, leaving five members. The Public Broadcasting Act of 1967, as amended, states "Any vacancy in the Board shall not affect its power, but shall be filled in the manner consistent with this chapter." [47 U.S.C. Sec. 396(c)(6)] Pursuant to the Corporation's authorizing statute, the Board has continued to function as it did prior to the expiration of the five terms. Management has continued to keep the Board apprised of matters requiring the directors' attention and is preparing for the next Board of Directors meeting which will be held May 15-16, 1986.

The Board convened a special telephonic meeting, open to and attended by members of the public, on March 21, 1986, and amended a Board Resolution establishing meeting dates for FY 1986 by deleting reference to the April 3-4, 1986, Board meeting. The rationale for eliminating the meeting was the likelihood that the five vacancies on the Board, as of March 26, 1986, would not be filled by April 3, and the fact that one other Board member would not be able to attend the April meeting. Thus, a maximum of only four Board members would have been available for the April 3-4 meeting, during which the major item for consideration would have been CPB's FY 1987 operating budget. Although the Board could have conducted its business with only four members present, a majority of the Board believed it would be imprudent and inappropriate for as few as three members (a quorum in a Board of five members) to consider such an important document as the Corporation's budget. The next meeting of the Board was scheduled for May 15-16, 1986, and the Board decided that it would be advisable to wait until then to consider the budget, when all five of the current Board members would be present.

Several groups within the public broadcasting community had anticipated the possibility that the April meeting would be canceled and that the Board's consideration of CPB's FY 1987 operating budget would, therefore, be delayed. These public broadcasting representatives understood the rationale for not holding the April meeting.

We do not anticipate that the size of the Board will affect the operations or policies of the Corporation, or their impact on public broadcasting stations or producers.

In addition, the May 15-16, 1986, meeting is scheduled to proceed with the Board considering several significant matters, including the Corporation's FY 1987 budget.

Mr. Conte: When is the next Board meeting scheduled?

Mr. Rubenstein: The next CPB Board of Directors meeting is scheduled for May 15-16, 1986.

ILLITERACY

Mr. Conte: I'm sure you saw the Census Bureau study that hit the papers the other day showing that 13 percent of our citizens are illiterate in English. Can you tell us a little bit about how the Corporation is looking at this issue, and what kinds of steps you're taking to address this very serious problem?

Mr. Rubenstein: CPB's interest in literacy has grown into the biggest outreach effort in television history. As you know, PBS regularly broadcasts prime time documentaries about serious problems, followed by coordinated efforts with national organizations to inspire action in local markets around the country. The combination of national television and community activism is called outreach. Project Literacy U.S. (PLUS) is the first outreach project in which public television and a commercial network -- ABC -- have joined forces.

The project centers on the collaboration of ABC and PBS in national broadcasting and community activities. WQED, Pittsburgh, is the PBS agent and PBS producer in this effort, which was initiated in June, 1985, and supported with funds from CPB and a MacArthur Foundation grant to CPB.

The goals are to raise awareness of the problem of adult illiteracy; to strengthen or create task forces to focus community attention and resources on local solutions to the problem; and to urge those who need help to seek it, and those who want to help to offer it.

One hundred percent of the PTV stations and ABC affiliates are aboard, as are over 70 national organizations, so far. Local task forces in every market are being set up to marshall local involvement and resources to address the problem.

Beginning in September, both PBS and ABC will provide on-air national coverage of the illiteracy problem in all varieties of news and informational programming. In addition, the ABC Entertainment Division will endeavor to provide thematic treatment of illiteracy in the story lines of dramatic programming -- children's daytime, and prime time. To provide continuity between these programming events, ABC and PBS will produce public service announcements and mini-documentaries on illiteracy on its networks. ABC and PBS stations will supplement national programming with their own local programming, and local community activities in cooperation with their PLUS task force.

In an especially noteworthy development, Senators Heinz (PA) and Simon (IL) and Representatives Goodling (PA) and Hawkins (CA) are preparing a Joint Congressional Resolution declaring September, 1986, National Adult Literacy Awareness Month. I hope you and your colleagues will support this Resolution.

Mr. Conte: You know, Mr. Rubenstein, we've had a lot of agencies and departments coming up here and saying they are doing this and that to tackle the illiteracy problem, and I believe that we need to address it on as many fronts as possible. But it would seem to me that just about everyone these days watches T.V., whereas it might be harder to motivate people into outside programs or into libraries, and that therefore you might provide one of the best vehicles possible for coordinating the attack, and really making a difference.

What do you think about that? Have you looked into what these other agencies are doing and how you might bring them together?

Mr. Rubenstein: You are exactly right. Broadcasters are not literacy experts. CPB, PBS and ABC hope that PLUS will act as a catalyst to draw together groups already working in literacy and to add new groups to those ranks. Our hope is that this will make the fight against illiteracy even stronger. As I said earlier, 70 national groups, such as the American Legion, the Chamber of Commerce of the United States, the National Conference of State Legislatures, and the National Governors Association, to mention but a few, have joined PLUS and more are considering participation. Some are new to literacy; some experienced with the problem. The problem varies in each locality as do the nature and extent of resources and approaches to deal with it.

To facilitate cooperation locally, PLUS will identify a local coordinator who will be asked to organize a task force consisting of members of the project's national support organizations and other community groups. The task force goal will be to put resources in place so that when the public awareness phase of the project begins in September, there is somewhere for people to go to offer or get help. PLUS intends that every community will organize or support an existing Task Force against illiteracy.

Television can do more and again public television is leading the way. For example, the Kentucky Educational Television network has completed a new version of its preparatory course for the high-school equivalency test, and is distributing the package of reading, writing and mathematics programs free of charge to state educational-television services wishing to air the series. The series is for both classroom and home use.

CHILDREN'S PROGRAMMING

Mr. Conte: Another area where I think your operations make a difference is in children's programming; shows like "3-2-1 Contact" and "Reading Rainbow". Last year I talked some with Mr. Pfister about a new children's program in the area of mathematics that he thought would be on line for this coming fall. How has that worked out, and what other innovations are you looking at in the area of children's programming?

Mr. Rubenstein: I am very pleased to inform you that the Children's Television Workshop has assembled $16 million for production of the math series. CPB provided all of the research and development funds for this project, plus $3 million to "leverage" the balance of the production funds of $13 million from various sources. That is the largest sum ever raised for a single children's television project.

Experimental production and testing is nearing completion and, so far, the project is holding to a January, 1987, air date.

As a result of recent research activities into children's programming and assuming continual funding levels, CPB would like to undertake a new program effort targeted at children 6 to 12 years old for probable use by public television stations on the weekend, particularly Sundays. CPB believes public television can provide new and exciting programming of high quality and educational value to America's children and be a viable alternative weekend service.

Mr. Conte: Do you personally feel that public television really has the lead role in children's educational T.V.?

Mr. Rubenstein: I certainly do and there are several compelling reasons for my answer. Public television stations and CPB are the major providers and funders of outstanding children's programming. Our daily programs for children to watch at home - "Sesame Street," Mr. Roger's Neighborhood," "3-2-1 Contact," and "Reading Rainbow" - enlighten, enrich, and entertain. These programs are carefully planned and produced to bring education, information and our cultural heritage into the homes of children. Children from every segment of our diverse nation are found in our audience.

The "Sesame Street" generation are bringing their children to the programming they grew up with. Indeed, I know of some families who purchased a basic cable service so their children could enjoy and learn from public television's children's programming.

When you combine this programming with public television's extensive service of programming for school use, serving eighteen and a half million children in their classrooms, with "Wonderworks," the only weekly prime time drama series for children and their families, public television has to be the premiere service for children. Public television producers and broadcasters care about children, what they need to learn, to know and to enjoy in order to live productive and fulfilling lives.

PRIVATE FUND RAISING

Mr. Conte: What are the latest figures available on the amount of private funds raised by public broadcasting?

Mr. Rubenstein: Preliminary data on FY 1985 indicate private support totaled $558.7 million.

Mr. Conte: What percent of the total funding does this private funding represent, and how does that compare to previous years?

Mr. Rubenstein: Private support was 50.7 percent of public broadcasting's total income in FY 1985, up from 38.7 percent in 1981.

Mr. Conte: What kind of growth in that private support are you forecasting in the budget proposal you have made to us today?

Mr. Rubenstein: Our projections of private support are based on the Administration's economic forecasts and the relationship private contributions have had to national economic conditions in the past. We based our budget proposal on projected annual increases of 8.2 percent in support from business and industry through 1991; from individuals, 6.7 percent; and from foundations, 7.2 percent.

PUBLIC TELECOMMUNICATIONS FACILITIES PROGRAM (PTFP)

Mr. Conte: I just want to check, but are you all working just as hard over in our Commerce Subcommittee for funding of the Public Telecommunications Facilities Program (PTFP)? Is that still important?

Mr. Rubenstein: The system's need for replacement and new facilities far outstrips the funds available. For all practical purposes it has been underfunded since it began.

CPB endorses the appropriation to NTIA for the Public Telecommunications Facilities Program. That is the primer that gets state and local funding sources to appropriate matching funds for public broadcasting.

It is still very important and we are continuing our efforts for increased appropriations for the PTFP program.

Mr. Porter: As you know, because of these fiscally austere times, I have been very concerned about public broadcasting's efforts to find alternative methods of financing. Is CPB still looking into the possibility of limited advertising, or has this option been abandoned? What conclusions were drawn from the experiment conducted at WTTW in Chicago?

Mr. Rubenstein: Advertising -- whether or not limited in frequency and placement within the program schedule -- does not appear to be a politically feasible option for the near term. The FCC currently authorizes use of "enhanced" on-air announcements of financial support, for both underwriting of specific programs and general support for a station's broadcast schedule. CPB is not currently exploring the potential of advertising, but it would be incorrect to describe this as an option that public broadcasting has "abandoned" in any final way. It always remains a possible source of income, if Congress should authorize its use by noncommercial broadcasters. The Corporation has taken no position on the merits of doing so.

It is important, however, to keep in mind that the experience of WTTW and other stations that participated in the Advertising Demonstration Program showed that limited advertising could be a significant supplemental (but not alternative) source of funds. In remarks to the CPB Board concerning the experiment, Mr. William McCarter, the president of WTTW, said: "What we tested was not an alternative to federal revenue from many other sources. The test revealed a significant supplement to the beleaguered private and public investment of those licensees who choose to use it."

Mr. Porter: Mr. Rubenstein, have non-Federal donations to public broadcasting been increasing, decreasing, or remaining the same over the past five years? What are your projections for the future? Are you optimistic?

Mr. Rubenstein: Over the past five years, we have seen a dramatic and heartening response to the needs of public broadcasting from nonfederal sources. Nonfederal income has increased from $575 million in 1981 to $922 million in 1985. During this same period, the nonfederal share has increased from 74.8 percent of the total income to 83.7 percent.

Our projections are simply working numbers, but we currently anticipate this growth slowing to 5 - 6 percent per year over the next five years, based on current economic projections, the impact of Gramm-Rudman-Hollings implementation on local tax bases and proposed tax reform measures.

We are optimistic about the potential for steady, if modest, growth that we can expect from nonfederal revenue sources. We believe, however, that the federal contribution remains the keystone to building a national treasure of excellent programming for all Americans from the basic materials of a decentralized system of local stations.

CPB BOARD OF DIRECTORS

Mr. Porter: What problems, if any, have been caused by the five vacancies on the Board at the present time? What effect has this had on planning for the future?

Mr. Rubenstein: The Public Broadcasting Act of 1967, as amended, states "Any vacancy in the Board shall not affect its power, but shall be filled in the manner consistent with this chapter." [U.S.C. 47 Sec. 396(c)(6)] Pursuant to this provision, the Board is continuing to function with five members. Management has continued to keep the Board apprised of matters requiring the directors' attention and is preparing for the next Board of Directors meeting which will be held May 15-16, 1986.

The Board conducted a public special telephonic meeting and amended a Resolution establishing meeting dates for FY 1986 by eliminating reference to the April 3-4, 1986, meeting. The meeting was eliminated because of the likelihood that the five Board vacancies as of March 26, 1986, would not be filled and one other Board member would be unavailable to attend the April meeting. A majority of the Board felt it would be imprudent and inappropriate for as few as three members (a quorum in a Board of five members) to consider the Corporation's FY 1987 Operating Budget which was the major item on the April Board meeting agenda.

Various public broadcasting groups were aware that the Board's April meeting would be eliminated and that consideration of the budget would, therefore, be delayed. They understood the rationale for cancelling the April Board meeting.

At the present time, there have been no problems in either policy direction or leadership as the result of the five member Board. We do not anticipate that CPB's future planning will be affected by the vacancies on the Board; we believe the Board will continue to function, pursuant to law, as it is currently constituted. In addition, we hope that nominations and confirmations to fill the five vacancies will be forthcoming in the near future.

SUFFICIENCY OF FUNDING

Mr. Porter: Is the $200 million for FY '87 and the $214 for FY '88 sufficient funding to maintain current public broadcasting services?

Mr. Rubenstein: The funds currently authorized and appropriated for Fiscal Years 1987 and 1988 will go a long way toward maintaining current public broadcasting services, and we appreciate the support of this Subcommittee for those increased funds. In relation to our own assessment of funding needs in order to maintain services at the levels in place in FY 1982 -- the last year before federal funding cuts were enacted -- these levels are still inadequate. For FY 1989, for example, we projected a level of $288 million to sustain FY 1982 service levels. The amount we are requesting, which is the same as that authorized, is $238 million, $50 million less than we need.

So, while we appreciate the increases projected, particularly in light of budgetary constraints, they are still short of our projected needs.

CHILDREN'S PROGRAMMING

Mr. Porter: I commend the CPB for targetting its programming resources primarily toward children's and educational programming. What new initiatives are being pursued in this area?

Mr. Rubenstein: CPB has developed an approach which we feel will provide the maximum benefit to public television and the national audience within the limits of the resources available over the next several years.

Our approach has two thrusts: The first is to continue CPB support for three highly successful series: "3-2-1 Contact," "Reading Rainbow," and "Wonderworks." Anticipating success of "CTW Math," we can provide additional funding for more episodes.

Our second thrust is to develop new children's program services. Preliminary research indicates that weekend television programming has potential. One has only to look at the type of programming available to children on weekends from the commercial stations to appreciate the need for alternative broadcasting.

In another initiative, CPB moved to develop experiemental concepts for children's radio, because there was no national, and very little local, programming for children 12 and under.

CPB funded WNYC's New York proposal to take its daily, live show into eight test markets on a yearlong experimental basis. "Kids America" is broadcast live Monday - Friday. It features music, interactive games and regularly scheduled segments on such topics as literature, computers, language, history and spelling.

A toll free number provides the two hosts and the kids with call-in format for each show.

The results, to date, have been encouraging. Overflow calls from the eight test markets have grown monthly to 135,000 by February. About 5,000 calls monthly are handled. Listeners' letters are received at the rate of 200 per week. CPB will be conducting research this spring to determine the impact of "Kids America."

And, finally, CPB has been working with the public television system to improve programming and other services to schools, looking at opportunities in social studies and science.

CORPORATION FOR PUBLIC BROADCASTING

RESPONSE TO
PROPOSED RESCISSION
BY ADMINISTRATION
FOR
FISCAL YEAR 1988

Submitted to the Subcommittees on Labor, Health and Human Services, and Education of the House and Senate Appropriations Committees.

February 14, 1986

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AMOUNTS AVAILABLE AND PROPOSED FOR OBLIGATION - FY 1988

($ in millions)

	FY 1988 Appropriated	FY 1988 Proposed Rescission Level	Increase (Decrease)
Appropriation Ceiling	$ 214.0	$ 170.0	$ (44.0)

Summary of Changes

FY 1988 Estimated Obligations	$ 214.0
FY 1988 Revised Estimated Obligations for President's Budget	170.0
Net Change	$ (44.0)

OBLIGATIONS BY PROGRAM

($ in millions)

Summary of Expenses	FY 1988 Estimate	FY 1988 Revised	Increase (Decrease)
Television:			
Community Service Grants	$ 108.3	$ 86.1	$ (22.2)
Program Production	36.1	28.7	(7.4)
Subtotal TV	$ 144.4	$ 114.8	$ (29.6)
Radio:			
Community Service Grants	$ -	$ -	$ -
Program Production	-	-	-
Subtotal Radio	$ 48.2	$ 38.2	$ (10.0)
System Support Expenses:			
Satellite Financing	$ -	$ -	$ -
Music Royalty Fees	-	-	-
Interconnection Facilities and Operations	-	-	-
Research, Ed., Training, Other	-	-	-
Administration and Contingency	-	-	-
Subtotal	$ 21.4	$ 17.0	$ (4.4)
TOTAL	$ 214.0	$ 170.0	$ (44.0)

JUSTIFICATION OF ESTIMATES

Since FY 1977, appropriations for the Corporation for Public Broadcasting (CPB) have been enacted two years in advance of the upcoming budget year. As a result, CPB's appropriation of $214 million for FY 1988 was enacted in December 1985 as part of the Labor, Health and Human Services, and Education and Related Agencies Appropriation Act of 1986 (P.L. 99-178). The action proposed by the President would rescind that amount by $44 million to $170 million -- a reduction of over 20 percent -- and would have disastrous financial implications as detailed below.

ARGUMENTS AGAINST RESCISSION

The $214 million appropriated for FY 1988 reflects an amount significantly less than that needed merely to maintain FY 1982 service levels. That amount, originally projected at $253 million and revised to $244 million to reflect lower inflation and higher growth rates, was designed to stabilize public broadcasting and continue providing needed program services. Reducing the appropriation even further from the FY 1982 service level will seriously affect all aspects of public broadcasting, particularly programming, which has a direct impact on public broadcasting's ability to raise nonfederal support.

In addition, two important principles are jeopardized by the proposed rescission -- insulation and planning.

- The current advance funding mechanism has helped insulate programming from funding uncertainty and has created a degree of predictability and stability that is vital to program planning.

- The advance funding concept was established to allow public broadcasting to plan future activities around a known federal contribution. Using this principle as Congress intended, CPB and the stations have made commitments to apply these advance appropriations to several key program efforts, including children's programming, American drama, public affairs, and literacy outreach. A reduction in funds at this late date would seriously jeopardize such on-going projects.

For these reasons, we urge the Committee to reject this rescission request.

APPLICATION OF REQUESTED RESCISSION

The requested rescission of $44.0 million would affect each of the Corporation's program areas. One major area affected would be in the grants that CPB makes available directly to the stations for a variety of operational needs. The other major area would be CPB's funding of high-quality programs to be made available for national distribution.

Television

Under the proposed rescission, CPB will have to reduce the funds awarded directly to television stations in the form of unrestricted grants by over $22 million at a time when the number of stations eligible for assistance continues to increase. Such a reduction will have a significant, adverse effect on the level of services these stations will be able to provide to their communities. Many station costs are fixed, e.g., facilities and maintenance.

CPB would also be forced to reduce its support for TV program production by almost 21 percent, or $7.4 million, severely limiting CPB's ability to aggregate funding in the area of children's and educational programming, its highest priority, as well as to support other programming priorities.

Radio

In the area of public radio, support for national program production and radio stations would decrease by 21 percent, or $10.0 million, at a time when the number of stations eligible to receive CPB financial assistance is increasing, resulting in lower growth in funds available for local station operations. This could result in little or no growth in average station funds from this grant program depending on the number of new stations eligible for assistance.

System Support Expenses

In addition to the direct financial allocations provided for television and radio, CPB is mandated by statute to assist the stations by making funds available for certain systemwide expenses. In FY 1988, this will include TV interconnection operating costs, music royalty fee payments, and financing the purchase of the public radio satellite transponder. In addition, a reduction in this program area affects such important activities as children's educational programming support, systemwide training and development -- particularly for minorities and women -- and planning and research activities aimed at diversifying public broadcasting programs and services.

CORPORATION FOR PUBLIC BROADCASTING

APPROPRIATION ESTIMATES
FOR
FISCAL YEAR 1989

Submitted to the Subcommittees on Labor, Health and Human Resources, and Education of the House and Senate Appropriations Committees.

February 14, 1986

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CORPORATION FOR PUBLIC BROADCASTING

Congressional Appropriation Estimates
for
Fiscal Year 1989

Appropriation Language

"PUBLIC BROADCASTING FUND"

For payment to the Corporation for Public Broadcasting, as authorized by the Communications Act of 1934, as amended, an amount which shall be available within limitations specified by said Act, for the Fiscal Year 1989, $238,000,000: Provided, That no funds made available to the Corporation for Public Broadcasting by this Act shall be used to pay for receptions, parties and similar forms of entertainment for government officials or employees: Provided further, That none of the funds contained in this paragraph shall be available or used to aid or support any program or activity excluding from participation in, denying the benefits of, or discriminating against any person (in the United States) on the basis of race, color, national origin, religion or sex.

AMOUNTS AVAILABLE AND PROPOSED FOR OBLIGATION
FY 1986 - FY 1989
($ in millions)

	1986 Actual	1987 Actual	1988 Actual	1988 Pres. Rev.	1989 CPB Request	Increase (Decrease)	1989 Pres. Request	Increase (Decrease)
Appropriation Ceiling	$159.5	$200.0	$214.0	$ 170.0				
Appropriation Ceiling Request					$ 238.0	$ 24.0	$ 130.0	$ (40.0)

SUMMARY OF CHANGES

	CPB Request	President's Request
1988 Estimated Obligations	$ 214.0	$ 170.0
1989 Estimated Obligations	238.0	130.0
Net Change	$ 24.0	$ (40.0)

APPROPRIATION HISTORY
($ in millions)

Year	Administration Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1969 1/	$ 9.0	2/	$ 6.0	$ 5.0
1970	15.0	2/	15.0	15.0
1971	22.0	2/	27.0	23.0
1972	35.0	$ 35.0	35.0	35.0
1973	45.0	45.0	45.0	35.0 3/
1974	45.0	2/	55.0	50.0 4/
1975	60.0	60.0	65.0	62.0
1976	70.0	78.5	78.5	78.5
TQ *	17.0	17.5	17.5	17.5
1977	70.0	96.7	103.0	103.0
1978	80.0	107.1	121.0	119.2
1979	90.0	120.2	140.0	120.2
1980	120.0	145.0	172.0	172.0
1983	172.0	172.0	172.0	137.0 5/
1984	110.0	110.0	130.0	137.5 6/
1985	85.0	130.0	130.0	150.5 6/
1886	75.0	130.0	130.0	159.5 6/
1987	186.0	--	238.0	200.0
1988	214.0	2/	214.0	214.0 7/

1/ Year of first appropriation.

2/ Item not included in House Bill because of lack of authorization. Senate Act considered by House members in Conference.

3/ Authorizing legislation vetoed. FY 1973 operation under continuing resolution.

4/ $50.0 million appropriated; $2.25 million placed in reserve by Office of Management and Budget.

5/ Original appropriation of $172 million. Reduced through $35 million rescission.

6/ Original appropriation of $130 million in each year was subsequently raised by supplemental appropriations.

7/ $44 million rescission requested.

* Transition Quarter. July-September 1977 period during which fiscal year changed from July 1-June 30 to October 1-September 30.

PROJECTED PUBLIC BROADCASTING NONFEDERAL INCOME AND MATCHING FEDERAL FUNDS
($ in millions)

Fiscal Year	Projected Nonfederal Income 1/	Federal 1:2 Match Generated 2/	Authorized	Appropriated
1984	$ 807.3	$323.8	$145.0	$137.5
1985	842.3	367.7	153.0	150.5
1986	878.1	403.6	162.0	159.5
1987	923.9	421.2	N/A	200.0
1988	971.9	439.1	N/A	214.0
1989	1,013.6	462.0	N/A	N/A

1/ Nonfederal income projected as a function of historical relationships between public broadcasting income from various sources and related major economic measures, using forecasts of national economic data from the President's Fiscal Year 1986 Budget Message. Actual data for FY 1985 not yet available.

2/ Federal funds matched against nonfederal funds earned in the second preceding year, on a ratio of 1 to 2.

OBLIGATIONS BY PROGRAM
($ in millions)

	FY 1986 Estimate	FY 1987 Estimate	FY 1988 Estimate	FY 1988 Revised	1989 CPB Request	Increase (Decrease)	FY 1989 Pres. Request	Increase (Decrease)
Summary of Revenues:								
Appropriation	$159.5	$200.0	$214.0	$170.0	$238.0	$ 24.0	$ 130.0	$ (40.0)
Interest Income	6.9	-	-	-	-	-	-	-
Other Income	.2	-	-	-	-	-	-	-
Total	$166.6	$200.0	$214.0	$170.0	$238.0	$ 24.0	$ 130.0	$ (40.0)
Summary of Expenses:								
Television:								
CSGs	$ 80.8	$101.2	$108.3	$ 86.1	$120.5	$ 12.2	$ 65.9	$ (20.2)
Program Production	25.9	33.8	36.1	28.7	40.2	4.1	21.9	(6.8)
Subtotal	$107.7	$135.0	$144.4	$114.8	$160.7	$ 16.3	$ 87.8	$ (27.0)
Radio:								
CSGs	$ 24.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Program Production	11.5	-	-	-	-	-	-	-
Temporary Interconnection	.1	-	-	-	-	-	-	-
Subtotal	$ 35.9	$ 45.0	$ 48.2	$ 38.2	$ 53.5	$ 5.3	$ 29.2	$ (9.0)
CPB System Support Expenses:								
Satellite Financing	$ 3.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Music Royalty Fees	3.0	-	-	-	-	-	-	-
TV Interconnection	4.0	-	-	-	-	-	-	-
Education, Human Resources & Policy Dev., Planning & Eval.	6.3	-	-	-	-	-	-	-
Administration	6.4	-	-	-	-	-	-	-
Contingency	.3	-	-	-	-	-	-	-
Subtotal	$ 23.0	$ 20.0	$ 21.4	$ 17.0	$ 23.8	$ 2.4	$ 13.0	$ (4.0)
TOTAL	$166.6	$200.0	$214.0	$170.0	$238.0	$ 24.0	$ 130.0	$ (40.0)

CORPORATION FOR PUBLIC BROADCASTING JUSTIFICATION OF FY 1989 BUDGET ESTIMATES

CPB's current authorizing legislation, the Public Broadcasting Amendments Act of 1981, (P.L. 97-35) expired at the end of FY 1986. In order to preserve the concept of two-year advance funding, which has been used to fund public broadcasting since FY 1977, appropriations have been enacted in the absence of authorizations for both FY 1987 ($200 million) and FY 1988 ($214 million). Authorizing legislation was passed twice in the Second Session of the 98th Congress, but the President vetoed both bills. During the First Session of the 99th Congress, several bills were introduced to authorize funding for CPB through FY 1991. None were passed by the time the session adjourned.

With the absence of enacted authorizing legislation, CPB went forward with its FY 1989 appropriations request to the Office of Management and Budget on September 25, 1985. CPB requested that $264.1 million be included in the President's request for CPB for FY 1989. This appropriation request was based upon a need forecast whose objective was to restore the public broadcasting system to a current service level of federal support using FY 1982 as the base. This approach has been used in justifying funding requests since FY 1987. FY 1982 was chosen as the base year because it was the year in which public broadcasting made significant programming initiatives in drama, public affairs and children's programming.

Since that time, CPB has reevaluated its request in light of the congressional action over CPB's authorization request during the last session of Congress and the continuing concern over the federal budget deficit. In recognition of these factors, the CPB Board of Directors decided to revise its earlier request and seek $238 million for FY 1989, which is the amount contained in the Conference Report (H. Report 99-453) on H.R. 3128, the Consolidated Omnibus Budget Reconciliation Act of 1985, and on which a further conference is pending in this second session of the 99th Congress. This amount is not only lower than CPB's needs projection (which in January 1986 was revised upward to $288.8 million to take into account more recent economic data), but lower than the Administration's own projected funding level of $246 million for FY 1989, as set forth in the February 13, 1985 letter of the OMB director to CPB's president.

In making this request for $238 million for FY 1989, it must be recognized that public broadcasting's needs -- as reflected in its earlier requests for $264 million and later revised to $288.8 million -- have not diminished. The need for federal funds will continue within public broadcasting through FY 1989. The following are some important factors that must be taken into account in evaluating the impact of CPB's decision to seek $238 million:

- Increases in the cost of program production continue to exceed the rate of inflation for the economy as a whole. Thus, even at the $238 million level, public broadcasting will produce fewer hours of original programming.

- CPB's ability to use its limited discretionary resources will be diminished at the $238 million level. Even at the current levels of funding, CPB has begun to apply a larger part of its resources to children's and educational programming, its highest priority. This commitment should be continued and increased in the years ahead, notably in the areas of math, science, and reading. Other areas of educational need must also be addressed. In addition, CPB must find ways to stimulate program production to assure a continuous flow of original, quality productions each year.

- The number of stations eligible for CPB financial assistance, particularly in public radio, continues to increase, in response to the congressional mandate that CPB support and encourage nationwide coverage. This will mean that any increases in funding will be offset by an increasing number of eligible recipients for CPB funds, particularly the Community Service Grant (CSG) Program.

- Public broadcasting has done an extraordinary job in raising additional resources from nonfederal sources, both organizations and individuals, but it has never been possible to offset the prior losses in federal support. The shift of the financial burden to states and localities for a number of social welfare programs, and the increased share of the burden being carried by private corporate and philanthropic groups in these same areas, mean that significant growth in support for public broadcasting from these sources is not likely.

Thus, even at the $238 million level, public broadcasting's progress toward realizing its full potential in its most important area, programming, will fall behind its potential by less-than-adequate funding.

CPB'S BUDGETARY PRIORITIES

CPB's allocation of the $238 million reflects the major budgetary policies contained in recent CPB budgets. The distribution among these priorities is as follows:

- Approximately 62 percent of the appropriation is to be allocated to the stations in the form of grants used primarily for programming.

- Ten percent of the appropriation is to be applied to a wide range of system support expenses. These include such activities as support for children's and educational programming, diversification of the programs and institutions of public broadcasting from the perspective of underrepresented groups, payment of music royalty fees, the costs of TV interconnection facilities and operations, and long-range planning and policy analysis on behalf of all of public broadcasting.

FY 1989 BUDGET HIGHLIGHTS

Television

This program category includes funds for two activities: grants to stations for operational and programming support, CSGs, and direct support for the production and acquisition of public television programs for national distribution.

At the $238 million level, public television stations will receive $120.5 million under the CSG program. The funds provide assistance to the stations to pay for the costs of program production and operations, costs that have increased faster than the rate of inflation for the past several years. At the same time, the number of stations eligible for CPB assistance continues to increase.

$40.2 million would be available for television national program production. CPB would hope to maintain its current level of effort in program production support. It is likely that current program priorities that emphasize the needs of children will remain in place.

At the $130 million level, the funds allocated for TV Direct Support would be reduced to its FY 1984 level of $65.9 million, 45 percent less than the CPB request. There can be no doubt that even with two-year advance funding, there is no way that the stations can recover from this magnitude of reduced funding. Station operations will be curtailed and some stations' financial viability will be threatened.

In program production, $21.9 million would be available under the President's request. CPB would be forced to reduce its support to the major prime-time series that are the core of the national schedule. The programs most likely to be threatened are those for which no offsetting corporate or foundation underwriting historically has been available -- news and public affairs, children's programming, and target audience programming.

Radio

At the $238 million level, CPB will provide $53.5 million for CSGs and national program production. The actual allocation between these two activities will be determined after consultation with the public radio licensees. Current plans call for most of these funds to be distributed either as CSGs or program grants. A small portion will be retained by CPB to finance new and innovative programs.

At the $130.0 million level, public radio will be allocated $29.2 million. At this level, the capacity of many stations to operate would be seriously jeopardized. In addition, the national programs currently broadcast would be substantially curtailed or eliminated.

System Support Expenses

At the $238 million level, CPB will allocate $23.8 million to a wide range of activities that provide financial support and assistance to benefit public broadcasting as a whole. These activities include --

- support for educational and instructional programming for children and adults. Public broadcasting has been in the forefront of providing educational and instructional programming for in-school and at-home use for elementary and secondary students, and for providing support to such efforts as adult literacy.

- support of TV interconnection facilities and operations, and payment of music royalty fees on behalf of public television and radio stations, and financing the purchase of the public radio satellite transponder. The current royalty fee schedule, negotiated by CPB, is in effect until the end of calendar 1988.

- support of programs and institutions aimed at diversifying public broadcasting services and organizations. Specific efforts have included stimulating program production among minority groups, encouraging awareness and support of public broadcasting by them, and support of a number of programs aimed at enhancing the skills of creative people both inside and outside of public broadcasting. There is a renewed concern to encourage the placement of minorities, women and the handicapped at the highest job levels in public broadcasting.

- development of long-range planning and policy analysis to place public broadcasting in the forefront of the utilization of telecommunications technologies. Other efforts are directed at evaluating public broadcasting's performance in providing services and in constantly assessing ways to broaden the financial base for public broadcasting, consistent with its diversified funding nature.

In addition, CPB discretionary activities on behalf of public broadcasting nationwide and internal administrative activities are financed from these funds.

At the $130 million level, only $13 million would be available for these activities. Even with CPB interest and other income, there would not be sufficient funds for these activities. The result would be either a drastic curtailment of CPB discretionary activities in training, planning and its administrative activities, or the pulling of the so-called "trigger" provision in the law, resulting in a further financial burden to be assumed by the stations to finance fixed costs. Quite possibly, both actions would be required.

WEDNESDAY, APRIL 16, 1986.

FEDERAL MEDIATION AND CONCILIATION SERVICE

WITNESSES

KAY McMURRAY, DIRECTOR

DUANE M. BUCKMASTER, DEPUTY DIRECTOR

MARY P. DURKIN, BUDGET OFFICER

Mr. NATCHER. At this time we have the Federal Mediation and Conciliation Service, and we have before the committee Mr. Kay McMurray, the director.

Mr. McMurray, it is always a pleasure to have you back before our committee and before you proceed with your statement, tell us who you have with you at the table.

Mr. McMURRAY. Thank you, Mr. Chairman.

On my right, I have Mary Durkin, who is the budget officer for the agency. Mary comes to us with some experience with the Labor Department and she has been with the agency for some time. As a point of interest, she is also the granddaughter of Martin Durkin, who at one time served as Secretary of Labor. She has a deep interest in our activity.

On my left, I have Duane Buckmaster, my deputy director. Buck served as the senior vice president of industrial relations for United Airlines for a number of years. After he took early retirement, I talked him into coming over to help us out. He has a lengthy background in industrial relations.

Mr. NATCHER. We are delighted to have all of you before the committee.

Mr. McMurray, we will be pleased to hear from you.

OPENING STATEMENT

Mr. McMURRAY. I do have, as you know, a prepared statement, but I think I will introduce it in the record and make a few comments and then go to whatever you wish to talk about.

Anybody that sits before a congressional committee is going to feel a certain amount of uneasiness, and I do, Mr. Chairman. On the other hand, I find myself looking forward to coming up to visit with you and I think the reason is that after two or three years of helping run this agency, I am very pleased and very proud of the work our people have done and it is a pleasure to report it to you.

As we have indicated, we are now asking, in 1987, for $23,220,000. In addition, we are asking for a supplemental amount of $268,000 to pay for necessary transfers of mediators. The 1987 request is approximately $200,000 less than Congress authorized in 1986.

In other words, in 1986, you authorized $23.4 million and we are now asking for $23.2 million. Despite the reduction and despite the Gramm-Rudman sequestration of funds, I am happy to report to you that we have been able to complete our mission successfully to this point.

We did not have to let any people go, we kept all of our mediators, we kept all our force in place. We cut a number of programs we would like to have, but that is the way we did it.

We were able to continue to carry out our mission in reasonably good shape, but we did that by asking people to do extra work, work overtime, and cut back on several things that they had enjoyed.

I am pleased to report they did it with very few complaints and they did an excellent job, but they are stretched as tightly as we can stretch them. The 1987 request represents not only a little money back, but a little additional help to keep these people from overworking, if you will.

For your information, we are also looking forward to a rather extensive year in the bargaining area. And I'll name a few potential disputes.

We have the steel dispute coming up. As you know, the steel companies, instead of bargaining in one unit, are bargaining in separate negotiations. There are already six disputes; two have settled at this point in time. That isn't any real comfort to us because those were concessionary contracts given by companies whose backs were against the wall and on the verge of bankruptcy.

This is not true of all the steel companies, and the unions themselves have taken an entirely different approach to the matter. Where unions used to come around and bargain wages with an attitude that they were going to take wage competition out of the picture, they are now saying the company that is in trouble is going to get some concessions; the company that is not in trouble will not get concessions. This is going to create some problems we haven't dealt with before

United States Steel, I can assure you, has a different bargaining situation than do those currently bargaining, so we anticipate that may be a troublesome area.

Communications, as you know, is another area where, due to the breakup of AT&T, the parties now will be bargaining eight contracts instead of one as they used to.

The copper situation is very difficult. As you may recall, a year ago we had the Phelps Dodge situation with the National Guard being called out in Arizona.

I just returned from Arizona. We have a very difficult situation there, as bad as Phelps Dodge, maybe worse. We are starting a little earlier and hopefully we can do it. There are several others, but that is just by way of indicating to you that we are coming into a very, very busy season.

I can report that we handled 31,982 dispute assignments last year. That is about the same as the last two or three years. With fewer people, we closed 8,019 active cases, which is about average for our agency, and we have also increased our productivity in the area of preventive mediation.

So I guess in sum total, Mr. Chairman, I think this agency has done a very good job of what they were given to do and the people are to be commended for the effort they put forth.

Thank you, and with that, we will talk about whatever you wish us to talk about.

Mr. NATCHER. Thank you, Mr. McMurray.

[The statement of Mr. McMurray follows:]

Statement by
Kay McMurray, Director
Federal Mediation and Conciliation Service
before the
Labor, Health, and Human Services, Education,
and Related Agencies Subcommittee
of the
House Committee on Appropriations

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to meet with this Subcommittee and to present our budget requirements for fiscal year 1986, in the form of a Supplemental Request, and for fiscal year 1987.

As the title indicates, the Federal Mediation and Conciliation Service is a "service" agency. Our mission is to prevent or minimize work stoppages in the private and public sectors of the Nation, except in the railroad and airline industries. The primary responsibility for the settlement of labor-management disputes in the United States rests with the parties to collective bargaining agreements with FMCS providing assistance when the parties' efforts for settlement have been exhausted, through programs such as Dispute Mediation, Preventive Mediation, Arbitration Services, and the Labor-Management Cooperation Project.

Dispute Mediation

In fiscal year 1987 dispute mediation efforts will correspond directly to contract expirations and new bargaining situations. Major contracts will expire in the auto and transportation, aerospace, food and hotel, construction, mining, longshore, health care, publishing, motion picture and telecommunications industries. Numerous other negotiations will be heavily influenced by the settlements reached in these pattern-setting negotiations. Federal mediators are expected to be involved in 31,700 dispute mediation assignments.

Preventive Mediation

Our Preventive Mediation program is specifically aimed at improving the basic employer-union relationship during non-crisis periods in the interest of avoiding future disputes. Preventive Mediation activities include our Relations-by-Objectives programs, labor-management committee work, training of foremen and union stewards, and other constructive activities. We expect to handle 1,000 Preventive Mediation cases in fiscal year 1987.

Arbitration

Arbitration is almost universally used to resolve labor disputes arising out of the interpretation of collective bargaining contracts. In addition, arbitration is increasingly used as a substitute for strikes or as a method of resolving impasses in contract negotiations. The Service provides lists of experienced qualified arbitrators to requesting labor-management parties, and the parties then select an arbitrator to hear and decide their dispute. In fiscal year 1987 we estimate that 34,000 arbitration panels will be submitted to the parties.

Labor-Management Cooperation Project

In recent years, FMCS has administered the Labor-Management Cooperation Project. Under this Project grants were given to selected labor-management committees. The grant funds were used to pay for the establishment or expansion of committees in the area, plant, industry, and public sector categories. No funds for this program are requested in fiscal year 1987.

Program Effectiveness

Resourceful mediation is needed more now than at any time in our collective bargaining history, and the need will not diminish. While in recent years we have seen fewer strikes, those that have occurred have been protracted. Phelps Dodge and Hormel Meatpacking are just two examples. There are literally hundreds of cases where the use of mediation has averted a strike or where the length of a strike has been minimized. We make no apologies to the taxpayers for the costs of our small agency.

Without boasting, I can assure you that we are doing more with less every day. There are fewer mediators now than at any time in our history (since 1947!), and yet we are handling all disputes in need of mediation. We will continue to do our part, but adequate staffing and funding must be provided.

Resource Requirements

The appropriation request for 1987 is $23,220,000 and 341 full-time equivalent positions. In addition, for 1986 we are requesting $268,000 in supplemental funds.

Supplemental Request

The supplemental funds are needed for fifteen official station transfers. We have found that with substantially fewer mediators, vacancies become more critical, and prompt action to fill vacancies is essential. Federal allowances for reimbursement of transfer expenses were increased substantially, and the average cost of an FMCS transfer has increased dramatically. Full justification for these funds can be found in the Fiscal Year 1986 Supplemental Request, which has been provided to all members of the Subcommittee.

Conclusion

It is important to emphasize that these budget requests are austere and are in keeping with the Administration's efforts to reduce government spending while maintaining essential services.

I have presented only a brief summary of our activity. I hope that you will have an opportunity to examine our detailed appropriations request, and I will be glad to answer any questions you may have.

GRAMM-RUDMAN CUTS

Mr. NATCHER. Pursuant to the Gramm-Rudman law, your agency is losing $1,006,000 and 10 FTEs in 1986.

Can you tell us where in the agency you have made the reductions?

Mr. MCMURRAY. We have already made them throughout all the programs. Mr. Chairman.

For example, we froze hiring. We studied the travel that we are doing; that is a big part of our budget and we asked the people to curtail their travel, to combine meetings.

We reduced the amount of money we are putting into our data processing system. We canceled training. We canceled some awards.

We eliminated all overtime, and we reduced Boards and Panels.

As a final effort, we eliminated one car we were using for agency travel, although it didn't save much money because cabs are expensive.

Mr. NATCHER. Now will these reductions that you mentioned have quite an impact on the operation of the agency?

Will the 22 percent cut in travel funds adversely affect the mediation process?

Mr. MCMURRAY. Mr. Chairman, to this point, the impact has just made people work a little harder and watch what they are doing, and they are putting out their ultimate effort. It really hasn't, as far as I can tell, impinged on our ability to do our mission at this point in time.

But we are stretched about as tight as we can go. We are asking for slightly more money next time, because we had to make reductions because of Gramm-Rudman, for example, for training sessions, material for our preventive mediation sessions, and so on. In other words, what we have done is allowed the infrastructure to fade away a little bit.

As they say on the railroads, the mainline and tracks are going to need a little repair if we are going to continue doing our mission. So far, except for the transfer money that I asked for, we are getting by in a reasonable fashion.

Mr. NATCHER. How much of the Gramm-Rudman reduction is restored in the 1987 budget?

Mr. MCMURRAY. As I recall——

Ms. DURKIN. The 1987 budget is basically the status quo. Our programs will be back to normal with the exception of the Grants Program in 1987. That has been eliminated in the 1987 request.

1986 SUPPLEMENTAL

Mr. NATCHER. You have a 1986 supplemental request of $268,000, one of the very few discretionary supplementals throughout the government.

How did you do this, Mr. McMurray? How did you convince OMB to approve this?

Mr. MCMURRAY. Well, that ought to be good enough to convince you.

Mr. NATCHER. You have done a good job downtown.

Mr. **McMurray**. We think it is a very realistic request. Briefly, this is what happened.

Last year, we had 18 mediators leave the Service; 12 by retirement, two deaths, one was separated for cause, and so on. This, along with all the mediators that left in the past four or five years, has left us with slots in some areas where we need to move people to fill requirements of the Service.

In 1984 and 1985, we did a very careful study of our case assignment system on how the workload was going. We were assisted with our new ADP system—Mr. Buckmaster spent a great deal of time with it. The analysis gave us a lot better feel for the workload and where we needed the people.

Out of this came information which said it looks like we have to take some high-priced people, because most mediators are GS-14s and they make around $55,000, and move them if they are not being properly utilized over to these areas where we have to have people. To leave them in their current locations would not make any sense at all. Because you have assets for which you are paying $55,000, you have to get them to where you can use them. There was no way we could move them with limited funding.

The reason is not that we didn't plan well; the reasons are because of what you people did. In 1984 and 1985 we were planning for the 1986 budget, and we knew we had to have some people transferred, but we didn't realize how many and we were estimating on old cost reimbursement levels.

About the time the budget came up and was under way, the GSA came around and said to us, "You now have to implement a law that Congress passed a year ago," which said that each agency had to pick up all of the IRS costs for these moves.

In other words, you said to us, when we pay for a mediator's move and the sale of his home, that is income to him, and he has to pay income tax on it, and you, the employer, are going to have to make up the income taxes. You made that retroactive for a year-and-a-half, which left us $110,000 in the hole to start with.

The cost of moving these people went from an average of under $8,000, to an average of over $17,000, including the free moves we get. Some transfers run as high as $50,000.

So there was a lot of information we didn't have. We got caught after the planning process, by the action Congress had taken and we didn't have needed funding.

There is no way I can take it out of other programs. I don't have it. There is no way to even reduce the workforce to get the money, because if you reduce the force, people in the wrong locations are forced to leave, then you have to move somebody in to take their place.

So I am caught with assets I need to use and can't use them because I don't have the money to move them. That is the short and simple of why we are asking for that.

Mr. **Natcher**. If we asked you to absorb the $268,000 would you be able to do it?

Mr. **McMurray**. We would have to go back and review all of our budget, go through each program and, to tell you the truth, we couldn't do it without hurting the existing situation. I have already attempted to point out to you that we are looking into a situation that can get to be very difficult in the bargaining area.

It has been fairly peaceful up to now, but it looks like we may be going into more difficult times. This is one agency that is going to need to be at full strength and a little bit more, Mr. Chairman.

In addition to the people I am talking about moving, we also have 50 people who could retire tomorrow, and we need to hire people to take their places, if they do. Maybe they won't retire unless Congress changes the retirement law. Some of them may retire, and we are going to need money just for that. If you don't give us $268,000, it is going to hurt awfully bad.

1987 FUNDS

Mr. **Natcher**. The 1987 request, as you know, is $23,220,000, a net increase of $564,000 now over 1986. Will this budget be fully adequate for the agency for 1987?

Mr. **McMurray**. We think so, yes.

Mr. **Natcher**. Mr. Stokes.

Mr. **Stokes**. Mr. Chairman, I have no questions. Thank you.

STAFF

Mr. **Natcher**. What employment level would your budget support?

Mr. **McMurray**. Numbers of people?

Mr. **Natcher**. Yes.

Mr. **McMurray**. There are 331 employees on board.

Mr. **Natcher**. How many of these are mediators?

Mr. **McMurray**. Two hundred and fifteen are field mediators.

Mr. **Natcher**. What is the average salary of the mediators?

Mr. **McMurray**. I believe it is $55,000.

Ms. **Durkin**. Mediators are almost all 14s. Average mediator salary is around $50,000. We can supply the exact figure for the record. It is between $50,000 and $60,000 for a senior mediator.

Mr. **Natcher**. All right.

[The information follows:]

The average salary for field mediators is $51,730.

Ms. **Durkin**. We are hiring mediators at lower levels now when we have the ability to hire.

Mr. **Natcher**. How many years of service on average do your mediators have?

Ms. **Durkin**. Again, we will have to supply that for the record.

[The information follows:]

Mediators have an average of twelve and one-half years of service with FMCS.

TRAINING

Mr. **Natcher**. On page 38 of the justification, you use the term "retirement training." What do you mean by that?

Ms. **Durkin**. That is a benefit to many Federal employees where they can take a course offered by the Office of Personnel Management.

Mr. **Natcher**. How much do you spend on this?

Ms. DURKIN. We spend very little money. It is a tuition reimbursement arrangement with OPM.

RECRUITMENT

Mr. NATCHER. How much new hiring is being done in the agency?

Mr. MCMURRAY. Absolutely none at the present time. It is frozen.

Mr. NATCHER. What recruiting sources do you use for new mediators? How do you go about it?

Mr. MCMURRAY. We have done it two ways and we are going to take another hard look at it, Mr. Chairman. We hired about 19 mediators a couple years ago. We advertised nationwide and took the best qualified people and interviewed them.

Since then when we needed a mediator, we went to the community, found a well-qualified individual and hired him.

We are going to use a combination of techniques in the future.

LABOR-MANAGEMENT GRANTS PROGRAM

Mr. NATCHER. I see that you have eliminated the grant program for labor management committees in 1987. Why was this done?

Mr. MCMURRAY. Because the Administration wanted it done. That is the short answer.

If you will recall, Mr. Chairman, two years ago, we did not ask for funding for the program. The Administration felt that a grant program was a good thing to have, but it should be funded by the private sector, not by government.

Each year, the Congress has given us funding for the Labor-Management Cooperation Program. Once again, this year we are not asking for continuation of the program.

Mr. NATCHER. How long has this program been in existence?

Mr. MCMURRAY. Since 1981, I believe.

Ms. DURKIN. That is correct.

Mr. NATCHER. In your mind, has it been an effective program?

Mr. MCMURRAY. It has been very effective.

Mr. NATCHER. How many grants have been awarded since the program started?

Ms. DURKIN. Fifty-nine grants have been awarded.

Mr. NATCHER. Are all of those committees still operating?

Mr. MCMURRAY. All, I think except for one or two, and without us funding them.

Mr. NATCHER. What is the funding period for these grants?

Mr. MCMURRAY. It is for eighteen months, and then the committees can come and ask for a continuation if they can prove a need and that they are doing a constructive job.

COORDINATION WITH OTHER AGENCIES

Mr. NATCHER. If you will, explain to the committee how your work is coordinated with that of the Department of Labor, particularly the Bureau of Labor-Management Relations and Cooperative Programs.

Mr. McMurray. We confer and meet with them constantly. Mr. Buckmaster, for example, meets with the head of the Labor Management Department periodically to review the programs and we cooperate with each other on labor management meetings throughout the country.

All our work is cooperative and we don't overlap. We are all doing the same thing, but the areas serviced out there are so broad we can all provide a service without overlaping.

Mr. Buckmaster has been involved. Do you want to expand on that?

Mr. Buckmaster. Just to say that we try very carefully to avoid duplication of efforts. We do cooperate.

TRAINING SEMINAR

Mr. Natcher. Good. Do you plan to have an employee training seminar for your employees in 1987?

Mr. McMurray. We do.

Mr. Natcher. Where would you have this and how much would it cost approximately?

Mr. McMurray. We now have the site under consideration. It takes a great deal of planning, as you know. We are making plans in case we get the money, so we will be ready.

We have narrowed the location down to three or four communities. We are in the process of selecting a site. I can't tell you for sure where it will be.

TRAVEL COSTS

Mr. Natcher. Your travel costs are up about 67 percent. Why this large increase?

Mr. McMurray. Our travel costs are up 67 percent.

Ms. Durkin. Part of the large percentage increase is because it's from the Gramm-Rudman level. What we are hoping to do in 1987 is restore our travel budget to what we feel we need under a normal budget.

In addition, there is $240,000 in there for the national seminar that was not in there in 1986.

OFFICIAL RECEPTION AND REPRESENTATION FUND

Mr. Natcher. For the record, provide an accounting for the $2500 spent for official reception and representation expenses in 1985.

[The information follows:]

The Service's Official Reception and Representation Fund has been used for expenses related to meetings of the Director and representatives of labor and management and for refreshments at meetings of Labor Attaches from different countries, the Presidential Advisory Committee, and foreign visitors' meetings. All of these expenditures have been made to facilitate the conduct of official agency business. Due to the fund's dollar limitation, the Director has frequently incurred unreimbursed out-of-pocket expenditures.

[This answer was revised on request and submitted to the Subcommittee on May 29, 1986. Copy of revision is attached.]

The Service's Official Reception and Representation Fund has been used for expenses related to meetings of the Director and representatives of labor and management and for refreshments at meetings of Labor Attaches from different countries, the Presidential Advisory Committee, and foreign visitors' meetings. All of these expenditures have been made to facilitate the conduct of official agency business. Due to the fund's dollar limitation, the Director has frequently incurred unreimbursed out-of-pocket expenditures.

A detailed listing of the FY 1985 Official Reception and Representation Fund is as follows:

Labor Attache Briefings	$979.83
Conference on Arbitration and Labor-Management Relations	215.83
Receptions, Conferences, Meetings, and Awards Ceremonies	532.62
Meetings with labor-management negotiators	346.81
Meetings with arbitrators	145.23
Meetings with government officials	527.79
Meetings with academicians	32.25
Supplies, miscellaneous	201.64
TOTAL	$2,500.00 [1]

[1] In addition, unreimbursed Official Reception and Representation Fund expenses claimed in calendar year 1985 by the Director totaled $815.00.

EQUIPMENT

Mr. **Natcher**. You show an increase of $85,000 in 1987 for equipment. What will the additional moneys be used for, $85,000?

Ms. **Durkin**. The request for funds for equipment is in three sections.

We are asking for $32,000 in audiovisual equipment. We have not purchased any large amount of audiovisual equipment in many years, and this is used for our preventive mediation activity.

There is also an increase from the Gramm-Rudman level in ADP equipment. Then there is also regular equipment and furniture. We have purchased very little in the last few years. So there are three different categories in which we are asking for increases.

Mr. **Natcher**. How many microcomputers do you have in your agency?

Ms. **Durkin**. We don't know. We will have to provide that for the record.

[The information follows:]

The Federal Mediation and Conciliation Service has, at present, 28 microcumputers. Of these, 14 are located in the field and are used primarily for the case tracking application. The balance of the microcomputers is located in the national office and used for word processing, accounting, payroll and personnel, training, property management, and support of the field microcomputer operation.

SENIOR EXECUTIVE SERVICE

Mr. **Natcher**. Put that in the record and tell us how you utilize them. How many senior executive service employees do you have at this time?

Ms. **Durkin**. There are six.

Mr. **Natcher**. How many bonuses were awarded last year?

Mr. **McMurray**. One was issued.

Mr. **Natcher**. Can you tell us what the bonus amounted to?

Mr. **McMurray**. It was for ten thousand dollars.

Mr. **Natcher**. Mr. McMurray, we want to thank you and your associates for appearing before our committee at this time on behalf of your budget request for fiscal year 1987. This has been a good hearing, Mr. McMurray, just like it always is.

Mr. McMURRAY. Thank you. I appreciate that.

Mr. NATCHER. Thank you very much, and we appreciate it.

Mr. McMURRAY. You are the Chairman; that is why it is good.

Mr. NATCHER. Thank you.

The committee will now adjourn until 10:00 in the morning.

[The following questions were submitted to be answered for the record:]

The following questions were submitted to be answered for the record:

BUDGET PREPARATION

Mr. Conte: Tell us how your budget is developed? Do you negotiate head-to-head with O.M.B., or does someone else take your plea to them?

Mr. McMurray: Our budget request was developed by members of my staff. Following the preparation of the request, I presented it directly to the staff of the Office of Management and Budget.

SUPPLEMENTAL REQUEST FOR TRANSFERS

Mr. Conte: How did you get them to approve this supplemental request? This is only the third or fourth one we've gotten?

Mr. McMurray: In September 1985 I presented a request for supplemental funding to the Office of Management and Budget, and provided a justification, identical to the one you have received. In December 1985 we were told that the supplemental request would be included in the President's budget as transmitted to Congress. We assume that the justification presented to OMB was persuasive.

Mr. Conte: Are these funds needed because of Gramm-Rudman, or would you have needed them with or without that mess of a law?

Mr. McMurray: The need for additional funding for station transfers was obvious before the Gramm-Rudman cuts and not a result of the Gramm-Rudman sequestration.

EFFECTS OF GRAMM-RUDMAN-HOLLINGS SEQUESTRATION

Mr. Conte: What has been the effect of the ten FTEs you've lost because of the sequestration?

Mr. McMurray: The most serious effect has been our inability to hire and train replacements for mediators lost through attrition. In the short run the impact of this on our operation has been minimized through improvements in productivity.

The longer-term effect, if we are unable to hire and train replacements, will be seriously to impair our ability to carry out our basic mission. It takes a minimum of two or three years to bring a new mediator up to a level of development where he or she is fully productive. We are concerned about the absence of new mediators in this developmental "pipeline." The longer this continues, the more serious the long-term adverse consequences will be.

Mr. Conte: What other areas of your budget got hit in '86?

Mr. McMurray: In addition to the freeze on hiring and the elimination of training funds, travel was cut, funds for automated data processing and administrative services were reduced, funds for performance awards were eliminated, overtime was reduced, one car was turned back, and funds for Labor-Management Cooperation grants and boards and panels were reduced.

LABOR-MANAGEMENT WORKLOAD

Mr. Conte: What's the number of strikes you're currently handling?

Mr. McMurray: As of last week our mediators were monitoring 83 work stoppages nationwide. We anticipate an increase in work stoppages as we move into the summer months, which would somewhat parallel last year's picture as shown in the attached charts.

Mr. Conte: Is this case load essentially steady over time, or do you see some increases on the horizon?

Mr. McMurray: The caseload for the Service consists of some disputes which experience work stoppages; however, the vast majority of cases we monitor do not have work stoppages. Last year, we closed 26,308 cases. Of these, 8,019 involved joint meetings with the parties. We expect that this year the volume of disputes assigned and those requiring joint meetings will be approximately the same as FY 1985. This prognosis is based upon the cycle of contract expirations coming due this year as compared with last year's contract expirations.

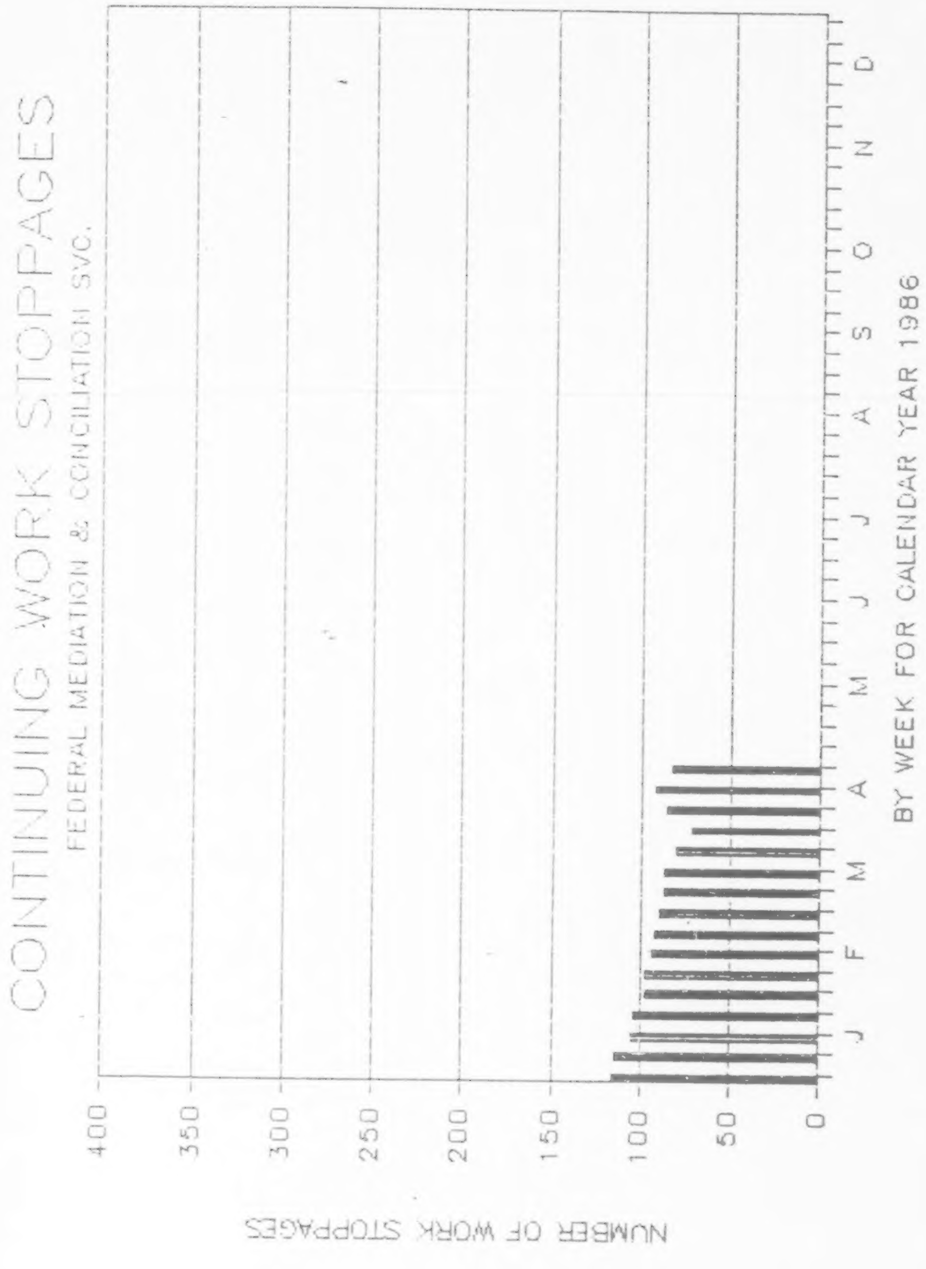
MEDIATOR STRENGTH

Mr. Conte: What is the number of mediators currently on board, and what is projected in this budget?

Mr. McMurray: As of April 16, 1986, there were 215 field mediators on board. The 1987 budget request includes 222 field mediators.

Mr. Conte: Do you feel comfortable with these numbers?

Mr. McMurray: Two hundred twenty-two mediators would cover our essential work. I am not really comfortable with the situation because the budget constraints in 1986 have prevented us from hiring mediator trainees, and so we will be bringing in a number of new mediators in 1987. Their training cannot start until then, and they will not be fully productive during their first year in the job. However, if our 1987 request is approved, and we are not faced with another across-the-board reduction in 1987, we should be back on schedule in 1988. The 1986 trainee hiatus cannot be fixed in 1987.

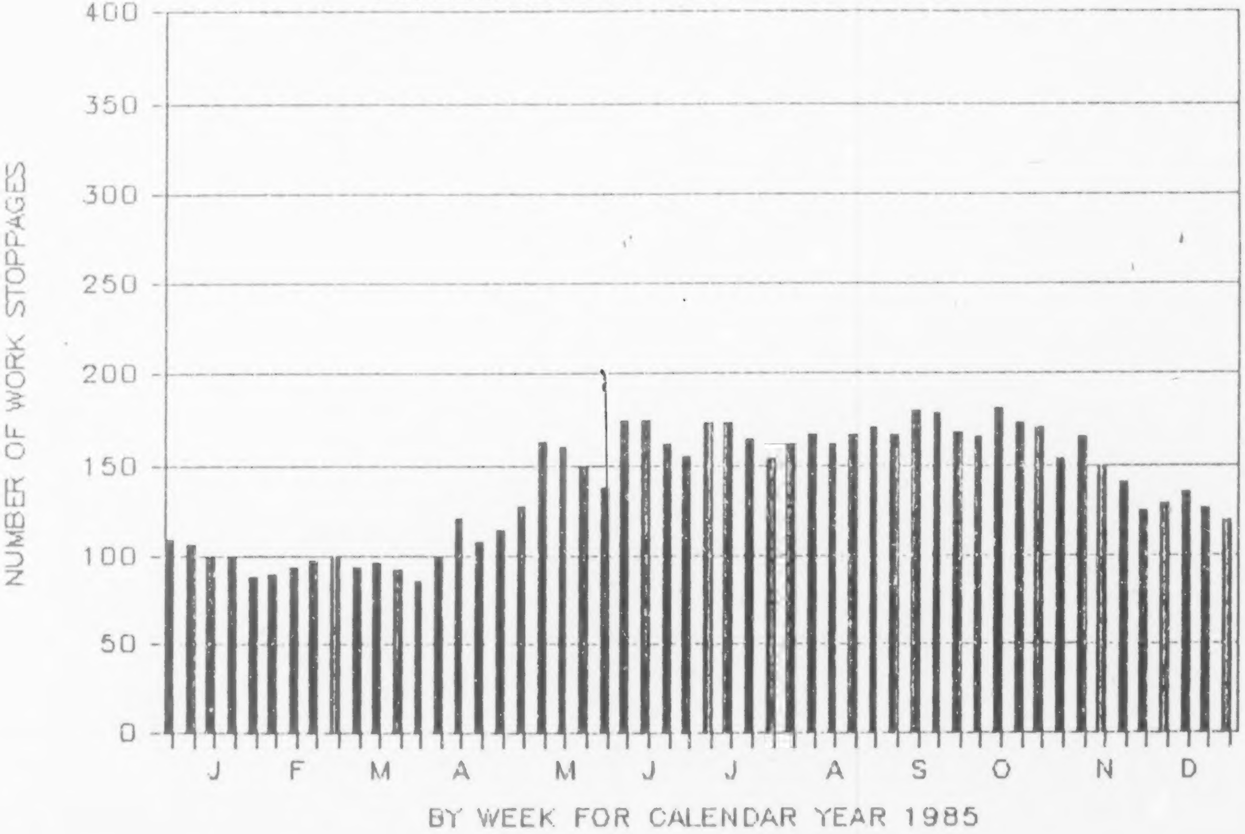


CONTINUING WORK STOPPAGES

FEDERAL MEDIATION & CONCILIATION SVC.

CONTINUING WORK STOPPAGES

FEDERAL MEDIATION AND CONCILIATION SVC.



LABOR-MANAGEMENT COOPERATION PROGRAM

Mr. Conte: I guess you may have won the battle with OMB over the supplemental, but you lost the war in terms of the Labor-Management Cooperation program. Is the elimination of this program in '87 based on a programmatic decision or a funding decision?

Mr. McMurray: The Administration strongly supports and encourages labor-management cooperation. It believes that labor-management committees can be worthwhile if they are jointly planned and supported. It believes that the private sector can and should fund these labor-management committees.

Mr. Conte: How is this program effected in '86 under Gramm-Rudman? Will you have to award fewer committees than you projected?

Mr. McMurray: The original funding of $1,000,000 for grants has been reduced by 4.3 percent to $937,000. There will be one less award granted than had been previously planned.

Mr. Conte: Have awards for '86 already been made?

Mr. McMurray: No, they will be awarded in the fourth quarter of 1986.

Mr. Conte: Give us your most recent list of awardees under the program?

Mr. McMurray: The following is a list of our most recent awardees:

Worksite Committees

National Steel Corporation (Pittsburgh, Pennsylvania)
Pacific Northwest Bell (Seattle, Washington)
Children's/United Hospital (St. Paul, Minnesota)

Public Sector Committees

Minnesota Bureau of Mediation Services (St. Paul, Minnesota)
American Federation of State, County, and Municipal Employees (Washington, D. C.)
City of Fresno (Fresno, California)
Missoula County (Missoula, Montana)
Civil Service Employees Association, Local 856 (Albany, New York)

Area Committees

Work in Northeast Ohio Council (Parma, Ohio)
Peoria Area Labor-Management Council (Peoria, Illinois)
Quad-Cities Area Labor-Management Committee (Florence, Alabama)
Muhlenberg County Labor-Management Council (Greenville, Kentucky)

Minneapolis Area Labor-Management Council
(Minneapolis, Minnesota)
Indiana Labor-Management Council (Indianapolis, Indiana)
Manistee Area-Wide Labor-Management Council
(Manistee, Michigan)
West Virginia Tri-County Area Labor-Management Committee
(Morgantown, West Virginia)

Conference

National Association of Area Labor-Management Committees
(Cumberland, Maryland)

Mr. Conte: If we were able to continue the program at its current level in FY 1987, how many new awards would you be able to make?

Mr. McMurray: Fourteen to sixteen grants would be issued.

Mr. Conte: What criteria do you look for when ranking proposals under the Labor-Management Cooperation program?

Mr. McMurray: We are interested in seeing how well applicants address the specific issues stated in the application solicitation and evidence of joint planning and support.

NATIONAL TRAINING SEMINAR

Mr. Conte: Last year you gave us a pretty strong statement in support of including National Training Seminar funding in your budget. Were you able to include funding for one of these seminars in the budget for 1987?

Mr. McMurray: Yes, funding is included for the National Training Seminar.

TRENDS IN NEGOTIATION

Mr. Conte: How would you characterize the negotiations your shop has been involved in in the past year? Are we seeing employers returning some of the earlier concessions made by employees, or is it still a mixed-bag?

Mr. McMurray: Trends in the negotiations in which FMCS mediators have been involved during the past year appear to be a continuation of the bargaining of the past several years.

The restoration of earlier concessions made by employee bargaining units in recent negotiations has not been noticeable.

Wage settlements continue to be modest. In 1985 settlements in major contracts covering 1,000 or more workers averaged 2.7 percent.

Concessionary bargaining, although declining somewhat in some geographic areas, continues to be a major bargaining issue in many negotiations. However, unions are becoming more militant and increasingly resistant to concessionary demands.

Employer demands for two-tier wage systems and/or lump sum bonuses in lieu of wage rate increases continue to be major issues in many of these negotiations. In 1985 11 percent of all settlements, except those in construction, included a two-tier wage provision. That compares to 8 percent in 1984.

1986 SUPPLEMENTAL REQUEST FOR TRANSFERS

Mr. Natcher: You have a 1986 supplemental request of $268,000. Can we assume that you are unable to absorb this expense because of the Gramm-Rudman reduction?

Mr. McMurray: The need for these funds was apparent before Gramm-Rudman-Hollings. There were no funds available before sequestration and there are no funds available now for these transfers.

Mr. Natcher: How did you arrive at the figure of $268,000?

Mr. McMurray: We identified a need for 15 additional transfers at the average cost of $17,800.

Mr. Natcher: How did you decide that you need to transfer 15 additional people in 1986?

Mr. McMurray: A thorough workload analysis was undertaken and appropriate staffing levels were assigned for each field station. Attrition, both recent and anticipated, was considered and the need for 15 additional station transfers in FY 1986 was identified.

Mr. Natcher: Have these transfers already been made?

Mr. McMurray: Some transfers were undertaken with the small amount provided in the regular 1986 budget, but the remainder are yet to be implemented.

Mr. Natcher: How many transfers will you make in 1987?

Mr. McMurray: We have budgeted for 20 station transfers in 1987.

Mr. Natcher: What is the average cost of a transfer?

Mr. McMurray: Because there are some "no cost" transfers each year (i.e., from Hempstead, New York to New York City), the average cost of a transfer is only $17,800. However, when we know that a station transfer will involve the sale and/or purchase of a home, the shipping of household goods, etc., the average shoots up to over $35,000.

Mr. Natcher: What do you mean by the term "tax allowance reimbursements to employees?"

Mr. McMurray: Under P.L. 98-151, November 14, 1983, amended by P.L. 98-473, October 12, 1984, transferees are authorized reimbursement of "substantially all" of the additional Federal, State, and local income taxes incurred as a result of reimbursement for certain defined moving expenses. The reimbursements we described are meant to conform to these laws.

FEDERAL MEDIATION AND CONCILIATION SERVICE

BUDGET ESTIMATES -- FISCAL YEAR 1987

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FEDERAL MEDIATION AND CONCILIATION SERVICE

SALARIES AND EXPENSES

TITLE III--FEDERAL MEDIATION AND CONCILIATION SERVICE

SALARIES AND EXPENSES

For expenses necessary for the Federal Mediation and Conciliation Service to carry out the functions vested in it by the Labor Management Relations Act, 1947 (29 U.S.C. 171-180, 182), including expenses of the Labor-Management Panel and boards of inquiry appointed by the President, hire of passenger motor vehicles, and rental of conference rooms in the District of Columbia; and for expenses necessary pursuant to Public Law 93-360 for mandatory mediation in health care industry negotiation disputes and for convening factfinding boards of inquiry appointed by the Director in the health care industry; [and for expenses necessary for the Labor-Management Cooperation Act of 1978 (29 U.S.C. 125a);] and for expenses necessary for the Service to carry out the functions vested in it by the Civil Service Reform Act, Public Law 95-454 (5 U.S.C. Chapter 71), [$23,394,000] $23,220,000. (Departments of Labor, Health and Human Service, and Education, and Related Agencies Appropriation Act, 1986).

AMOUNTS AVAILABLE FOR OBLIGATION

	FY 1986		FY 1987 Estimate	
	Full-Time Equivalent	Amount	Full-Time Equivalent	Amount
Appropriation..........	344	$23,394,000	341	$23,220,000
Reduction pursuant to P.L. 99-177 (Gramm-Rudman-Hollings).....	-10	-1,006,000	--	--
Supplemental now requested...	--	268,000	--	--
Total Obligations......	334	$22,656,000	341	$23,220,000

SUMMARY OF CHANGES

1986 Estimated Obligations after PL 99-177*....	$22,656,000
1987 Estimated Obligations....................	23,220,000
Net Changes....................................	+$ 564,000

Increases	Change from Base Full-Time Equivalent	Amount
A. Built-in:		
Increase in Employee Compensation Payments...........................	--	+$34,000
Increase in Communications, Utilities, and Other Rent Costs, including FTS Communications, GSA Communications, Commercial Telephone, Postage, Reproduction, and misc. equipment rental, conference room, and car rental.....................	--	+57,000
Increase in the cost of travel........		+65,000
Increase in the cost of Office Space Rental.............................	--	+80,000
Increase in Printing.................	--	+13,000
Increase in Other Services for Training, Office Repairs, OPM Investigations, Maintenance of Office Machines, Moving Expenses, and Other Contractual Services...........................	--	+64,000
Increase in the Cost of ADP Programs...	--	+15,000
Increase in Supplies and Materials for Supplies and Subscriptions...........	--	+23,000
Increase in Equipment including Furniture, Fixtures, and Audio-Visual Equipment	--	+38,000
Sub-total, Built-in Increases.....	--	+$ 390,000
B. Program:		
Increase in the number of full-time equivalent--an increase of 6 mediator positions and 2 Arbitration Services technicians	+8	+305,000

---

*Includes Supplemental requested to cover official station transfers ($268,000)

	Full-Time Equivalent	Amount
Increase in Boards and Panels, including Personnel Compensation, Personnel Benefits, Travel, and Rents and Communications Charges...	+ 2	$+100,000
Increase in Personnel Compensation for Overtime Payments and Performance Awards....................	--	+58,000
Increase in Travel, including National Office travel, field travel, new mediator travel, and travel for seminars, workshops, and conferences.................	--	+502,000
Increase in ADP funds including rental fees, support services, supplies, and equipment..........	--	+72,000
Increase in the cost of office space rental above current services estimates.......................	--	+255,000
Subtotal, Program Increase....	+10	+$1,292,000
Total Increases....................	+10	+$1,682,000
Decreases:		
A. Built-in:		
Decrease in Other Services, Guard Services................	--	-$1,000
B. Program:		
Decrease in Personnel Compensation, Personnel Benefits, and related overhead expenses for permanent employees engaged in the Labor-Management Cooperation Project..	-3	-$ 160,000
Decrease in Labor-Management Cooperation Project Grants......	--	-957,000
Subtotal, Decreases...........	-3	-$1,118,000
TOTAL CHANGE............................	+7	+$ 564,000

OBLIGATIONS BY ACTIVITY

	1986 Enacted		1986 after P.L. 99-177		1987	
	Full-Time Equivalent Employment	Amount	Full-Time Equivalent Employment	Amount	Full-Time Equivalent Employment	Amount
1. Dispute Mediation, Preventive Mediation, Public Information, and Educational Activities....	275	$17,885,000	269	$17,460,000*	275	$18,689,000
2. Arbitration Services......	14	490,000	12	471,000	14	512,000
3. Management and Administrative Support.........	52	3,702,000	50	3,558,000	52	3,869,000
4. Boards and Panels.........	-	150,000	-	50,000	-	150,000
5. Labor-Management Cooperation Project...........	3	1,167,000	3	1,117,000	-	-
Total Obligations	344	$23,394,000	334	$22,656,000	341	$23,220,000

* Includes Supplemental requested to cover official station transfers ($268,000)

PERSONNEL SUMMARY

	1986 Enacted	1986 after PL 99-177	1987
Total number of full-time permanent positions.......	348	348	345
Total full-time equivalent employment................	344	334	341
Average ES salary............	$69,562	$69,562	$69,562
Average GS/GM grade...	12.30	12.33	12.22
Average GS/GM salary.........	$45,465	$45,726	$44,511

OBLIGATIONS BY OBJECT CLASSIFICATION

	1986 Enacted	1986 after P.L. 99-177	1987
Personnel Compensation:			
Full-time permanent.......	$15,538,000	$15,176,000	$15,351,000
Other than full-time permanent...........	144,000	93,000	144,000
Other personnel compensation............	75,000	19,000	77,000
Total, personnel compensation............	15,757,000	15,288,000	15,572,000
Personnel benefits:			
Civilian.................	1,992,000	2,139,000	2,206,000
Benefits for former personnel................	15,000	15,000	15,000
Travel and transportation of persons...............	1,089,000	848,000	1,419,000
Transportation of things...	19,000	71,000	71,000
Standard level user charges.	1,847,000	1,815,000	2,150,000
Communications, utilities, and other rents...........	967,000	933,000	990,000
Printing and reproduction...	25,000	15,000	28,000
Other services..............	472,000	429,000	508,000
Supplies and materials......	136,000	121,000	151,000
Equipment...................	75,000	25,000	110,000
Grants, subsidies, and contributions.............	1,000,000	957,000	-
Total, Direct Obligations...............	$23,394,000	$22,656,000*	$23,220,000

*Includes Supplemental requested to cover official station transfers ($268,000)

SIGNIFICANT ITEMS IN
HOUSE AND SENATE APPROPRIATIONS COMMITTEE REPORTS

Item	Action Taken or to be Taken

No specific actions recommended.

APPROPRIATION HISTORY

	Estimates to Congress	House Allowance	Senate Allowance	Appropriation
1974......	12,324,000	11,815,000	12,324,000	11,895,000
1975......	16,744,000	16,245,000	16,245,000	16,245,000
1976......	18,678,000	18,332,000	18,332,000	18,332,000
Transition Quarter...	4,950,000	4,576,000	4,626,000	4,626,000
1977......	21,177,000	21,177,000	21,177,000	21,177,000
1978......	22,465,000	22,465,000	22,465,000	22,465 000
1979......	23,214,000	23,214,000	23,214,000	23,214,000
1980......	23,920,000	23,820,000	23,820,000	23,820,000
1981......	25,919,000	25,919,000	25,919,000	25,919,000
1982......	22,066,000	26,075,000	25,575,000	24,552,000
1983......	20,190,000	21,721,000	21,321,000	22,015,000
1984......	21,558,000	23,258,000	22,097,000	23,258,000
1985......	22,685,000	23,845,000	23,885,000	23,845,000
1986......	22,768,000	23,394,000	23,394,000	23,394,000
Sequestered under P.L. 99-177				-1,006,000
1986......	268,000[1]			
1987......	23,220,000			

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[1] FY 1986 Supplemental estimates now requrested for official station transfers

FEDERAL MEDIATION AND CONCILIATION SERVICE

BUDGET ESTIMATES FOR FISCAL YEAR 1987

SALARIES AND EXPENSES, FEDERAL MEDIATION AND CONCILIATION SERVICE (FMCS), STATUTORY AND OTHER LEGAL AUTHORITIES

The mission of the Service is to prevent and to minimize labor-management disputes having a significant impact on interstate commerce or national defense throughout the Nation, both in the private and public sectors of the economy, excepting in the railroad and airline industries. In particular, the agency objective is to prevent work stoppages and to reduce their duration when they occur. Statutory and other authorities which authorize the agency programs are:

A. The Labor-Management Relations Act of 1947 (LMRA-The Taft-Hartley Act) (Title II) (29 U.S.C. Sec. 183) directs the Service to prevent or minimize interruptions of the free flow of commerce growing out of labor disputes by helping the parties settle such disputes through mediation. Section 8(d) of the Act (29 U.S.C. Section 158(d)) requires the parties to notify the Service 30 days prior to a contract termination or modification date so that mediation services may be proffered. The Taft-Hartley Act transferred all mediation and conciliation functions of the Secretary of Labor and the U.S. Conciliation Service to FMCS.

Section 206 establishes a special procedure for threatened or actual strikes which in the opinion of the President imperil the national health or safety. In such a situation, the President may appoint a board of inquiry to ascertain the facts with respect to the dispute. After receipt of the report, the President may seek to enjoin the strike for not more than 80 days upon a showing that the threatened or actual strike affects a substantial part or all of an industry and would imperil the national health or safety.

B. The Health Care Amendments of 1974 (Public Law 93-360) (amending the National Labor Relations Act) include special responsibilities to prevent or minimize work stoppages in the health care industry. In the case of this industry, FMCS must be notified 60 days before the termination date. A 30-day notice is required in initial bargaining situations. If, in the opinion of the Director, a strike is threatened which would interrupt the delivery of health care in the locality, the Director may appoint a board of inquiry (29 U.S.C. Section 213). The board has 15 days within which to operate and file its report and recommendations; the parties must maintain the status quo for 15 days thereafter while further negotiations and mediation take place. The parties are required by Section 8(d)(c) to cooperate in any mediation efforts by FMCS.

C. The Civil Service Reform Act of 1978 (Public Law 95-454) (Title VII, 5 U.S.C. Section 7119) directs the Service to provide mediation assistance in disputes arising from negotiations between Federal agencies and the exclusive representatives of their employees.

D. The Postal Reorganization Act of 1970 (Public Law 91-375, 29 U.S.C. Section 1207) requires the Service to establish fact-finding panels and arbitration boards if disputes between the Postal Service and the exclusive representatives of its employees are not resolved prior to certain statutory deadlines.

E. Executive Order 11374, dated October 11, 1967, transferred the responsibilities of the Missile Sites Labor Commission (created by Executive Order 10946) to FMCS.

F. The Federal Insecticide, Fungicide and Rodenticide Act of 1978 (Public Law 95-396, 7 U.S.C. 136) requires the Service to provide for the appointment of arbitrators to decide disputes concerning compensation for the use or development of pesticide registration data.

G. The Labor-Management Cooperation Act of 1978 (Public Law 95-524) amended Section 302 of the Labor Management Relations Act and authorizes the Service to provide grant funds and otherwise encourage labor management cooperation.

H. Executive Order 12533, dated September 30, 1985 amended previous Executive Orders establishing and continuing the President's Advisory Committee on Mediation and Conciliation.

PROGRAM STRUCTURE

A. Mediation Services

1. Dispute Mediation

Dispute mediation is the process through which the Service provides assistance, when needed, in the negotiation or renegotiation of a collective bargaining agreement. It is the function in support of which the Service has historically expended the majority of its resources. In 1987 that will continue to be the case.

(a) Private Sector. Dispute mediation in the private sector is provided, when needed, in the negotiation or renegotiation of a collective bargaining contract in order to minimize the interruption of the free flow of commerce or a potential adverse impact on the national defense.

(b) Public Sector. Dispute mediation in the public sector is comprised of federal sector bargaining and state and local sector bargaining. In the Federal Sector, the Service is responsible for providing mediation and conciliation facilities to federal agencies and labor organizations in the resolution of negotiation disputes. The Service has promulgated rules and regulations setting forth the manner and the circumstances under which mediation assistance and services will be available to the parties.

In the State and Local Sectors, the Service:

Encourages development of independent dispute resolution capability by state, county, and municipal governments.

Provides on request direct mediation assistance in order to assist in the resolution of significant disputes involving state and local jurisdictions.

(c) Health Care Industry. The Service, under responsibilities defined in Public Law 93-360, provides assistance in dispute mediation in the negotiation or renegotiation of all collective bargaining contracts involving private, profit and nonprofit health care institutions. Emphasis is placed on the assistance offered to newly organized bargaining units.

The Service is also responsible for discretionary use of the board-of-inquiry procedure in all health care industry disputes when a work stoppage may interfere with the delivery of health care services to the particular community. Such procedure requires findings of fact and recommendations within a statutory limitation of 15 days.

2. Preventive Mediation

Since its inception, the Service always has undertaken preventive mediation work. The extent of such work and the degree of priority assigned to it have varied considerably from year to year. Even the name by which we identify it has varied; during the past several years we have used the term "technical assistance" to describe this work. In the belief that this title is confusing to many people, and not accurately descriptive of the work itself, we have reverted to a title which the Service has used in the past: Preventive Mediation.

Preventive mediation consists of those processes through which the Service assists labor and management to reduce misunderstandings and non-productive conflict, and to improve communication and problem-solving.

Preventive mediation addresses two key elements of the FMCS Mission Statement:

> Promoting the development of sound and stable labor-management relationships; and
>
> Fostering constructive joint relationships of labor and management leaders to increase their mutual understanding and ability to resolve common problems.

The objectives are to create a working relationship conducive to the peaceful settlement of labor agreements at the time of contract expiration, to provide means for effective administration of the agreement during its term, and to develop effective structures for dealing with matters which impact on labor-management relationships. Thus, preventive mediation can be likened to preventive medicine in the health care area, or to preventive maintenance in technical fields.

Federal mediators utilize a variety of approaches in diagnosing problem situations and recommending courses of action. The Service has a number of structured processes which mediators are qualified to recommend and employ. In most specific situations, however, there is some degree of "tailoring" of these processes to fit the unique characteristics of the parties and their current relationships.

Once the problem has been diagnosed and an appropriate preventive approach has been defined, the mediator makes a recommendation to his supervisor (the District Director), specifying the names of the parties, the nature of the problem, his recommendation as to preventive mediation steps, and the anticipated resource requirements for activation of the recommendation. The District Director then makes a decision as to whether or not to proceed with the work. If the decision is not to proceed, the mediator and the District Director may elect to suggest that the parties consider contacting a consultant or other outside resource to assist them.

The collective bargaining process is undergoing changes brought about in part by forces outside itself. Practitioners in the field increasingly are seeking assistance in bringing about and managing these changes. Because field mediators are active participants as well as close observers of these changes they are sought out by other collective bargaining professionals as sources of information and guidance. A quick review of recent statistics reflects this need of the mediation services consumer. In 1984, 730 preventive mediation assignments were completed. They involved 691 planning sessions and 2,231 meetings with the parties.

The best estimates available had projected 765 preventive mediation assignments in FY 1985 and 800 in FY 1986. The reality is that 960 preventive mediation cases were were assigned and completed in FY 1985 which involved 938 planning sessions and 3,190 meetings. These numbers reflect both the increased need for and greater complexity of the assignments. The figures also suggest a case-load requirement for FY 1986 near 1,000 preventive mediation assignments. However, funding restraints in 1986 will force a reduction of this figure to 850 cases. In FY 1987, 1,000 preventive mediation cases are anticipated.

3. Public Information and Educational Activities

Mediators participate in public information and educational activities each year. Through university lectures and participation in seminars and conferences, the labor-management community and the general public gain understanding of the uses of mediation, arbitration collective bargaining and the services offered by FMCS.

B. Arbitration Services

National labor policy favors the settlement of questions of application or interpretation of collective bargaining agreements by arbitration, since it is far less disruptive than work stoppages and faster and less costly than litigation.

Approximately 98 percent of collective bargaining agreements contain grievance procedures culminating in binding arbitration. The parties voluntarily agree to resolve their dispute by arbitration, determine the method of selecting the arbitrator, and themselves pay the arbitrator's fees. Many thousands of other labor-management relationships, particularly in the public sector, utilize advisory arbitration or fact-finders to aid in dispute resolution.

Pursuant to Title II of Labor Management Relations Act (LMRA), the Service maintains a roster of approximately 1,600 private arbitrators who are qualified to hear and decide labor questions. The Service provides to the parties names of qualified arbitrators, selected by appropriate geographic area, experience in particular industries, relevant education, and familiarity with particular contract issues, together with their biographical data and fee schedules. Maintaining and policing the roster to ensure accuracy of the data and the availability and acceptability of its members is an ongoing task.

The Service, under Public Law 93-360, is given special responsibilities in assisting in the resolution of disputes in the health care industry. Those responsibilities include, in certain circumstances, the power to appoint boards of inquiry (BOI's) to investigate the issues involved in the dispute and issue a written report, including findings of fact. Persons appointed to BOI's are private arbitrators normally selected from the Division of Arbitration Services roster and specially qualified to perform those duties.

The Service, as part of its mandate under Title II of LMRA, has the responsibility to improve the quality and availability of arbitration services. The Service holds continuing education workshops for new and established arbitrators. In order to maximize the effectiveness of the programs and minimize cost and duplication, most programs are held cooperatively with other groups, such as bar associations, the National Academy of Arbitrators, and Industrial Relations Research Association Chapters.

C. Management and Administrative Support

This program provides for policy planning, evaluation, direction, coordination, legal advice, employee development, and management and administrative support.

D. Boards and Panels

Provision is made for ad hoc employment of labor relations experts, individually or in panels, in support of the mediation function, and for boards of inquiry appointed by the President in emergency disputes. The Energy Labor Management Relations Panel, is established to resolve disputes in government-owned, contractor-operated energy and weapons facilities.

Public Law 93-360 also amended Title II of the Labor Management Relations Act, 1947, by adding a new Section 213 which provides that the FMCS may appoint an impartial board of inquiry to look into the facts of a contract dispute involving health care institutions and to publicly report its findings and recommendations to the parties.

COMPARATIVE ANALYSIS OF WORKLOAD

A comparison of Service workload activities is shown in the following statistical data tabulations:

TABLE A

Shows a summary of dispute mediation workload over the past five fiscal years.

TABLE B

Shows a summary of preventive mediation and public information and educational workload over the past five fiscal years.

TABLE C

Shows a five-year summary of the Service's arbitration activity.

TABLE A

COMPARISON OF MEDIATION SERVICES WORKLOAD
FISCAL YEARS 1981 - 1985

	1981	1982	1983	1984	1985
A. Number of Mediation Cases					
In process, start of year	5,943	5,346	6,045	7,580	6,221
Assigned during year	22,909	21,416	26,944	25,209	25,761
Total	28,852	26,762	32,989	32,789	31,982
In process, end of year	-5,346	-6,045	-7,580	-6,221	-5,674
Total cases closed	23,506	20,717	25,409	26,568	26,308
B. Type of Mediation Activity					
Joint conference cases	9,297	7,908	8,617	9,052	8,019
Separate conference cases	237	179	200	11,869*	14,717*
No conference cases	9,591	8,196	9,767		
No mediation activity	4,381	4,434	6,825	5,647	3,572
Total cases closed	23,506	20,717	25,409	26,568	26,308
C. Total Number of Meetings Conducted	32,355	26,066	27,520	29,391	25,236

*Information no longer recorded separately

TABLE B

COMPARISON OF PREVENTIVE MEDIATION AND PUBLIC INFORMATION AND EDUCATIONAL PROGRAM WORKLOAD
FISCAL YEARS 1981 - 1985

	1981	1982	1983	1984	1985
A. Total Preventive Mediation Assignments	924	619	1,006	730	960
B. Total Public Information and Educational Assignments	874	791	876	725	822

TABLE C

COMPARISON OF ARBITRATION SERVICES PROGRAM WORKLOAD
FISCAL YEARS 1981 - 1985

Processing Requests for Panels	1981	1982	1983	1984	1985
Number of requests received	30,050	30,734	30,706	30,159	31,222
Number of panels issued*	33,194	33,354	32,710	32,322	33,390
Number of arbitrators appointed	13,219	12,317	13,729	11,156	10,891

*Frequently the labor-management parties request more than one panel for arbitration cases, resulting in an increase in the number of panels issued over the number of requests received.

WORKLOAD PROJECTIONS FISCAL YEARS 1986 and 1987

A. Dispute Mediation

The Service, under provisions of the Labor Management Relations Act, 1947, receives notice from a party of the desire to terminate or amend an expiring collective bargaining contract. More than 100,000 such notices are received each year.

The NLRB and FLRA provide the Service with copies of new bargaining certifications. In Fiscal Year 1985, a total of 1,803 NLRB and FLRA certifications were received. Such certifications are initial contract situations in which mediation is especially important and somewhat involved because of the absence of a prior bargaining relationship between the parties.

The notices of contract expiration, along with new NLRB and FLRA certifications, form the basis for case assignments. In processing notifications, the Service screens out those cases having a relatively insignificant impact on interstate commerce or national defense, those where adequate mediation resources are available outside FMCS, and those not within the jurisdiction of the agency. The Service consolidates many other related notices into single assignments. Thus, in FY 1985, 25,761 dispute case assignments were made.

The dispute mediation workload projection for Fiscal Years 1986 and 1987 is based on:

1. The average actual workload in terms of dispute case assignments for the three preceding fiscal years (1983 - 1985).
2. An added increment of case assignments arising out of new National Labor Relations Board bargaining certifications.
3. The level of contracts scheduled to expire in the public and private sectors.

B. Preventive Mediation

Preventive mediation includes mediation efforts by the mediator, other than contract expiration dispute mediation or public information activities. Its purpose is to reduce or prevent conflict, to improve labor-management relations and to promote the understanding and implementation of responsible collective bargaining procedures. Its application includes training, education, consultation, and problem-solving activities with representatives of labor and management, other neutrals in dispute resolution, professional associations, and academic institutions. National and international economic conditions, pressures from foreign competition, and the changing nature of the work force, are some of the impacts on the collective bargaining process which create the need for the parties to move from a strictly adversarial posture to a more cooperative relationship. This restructuring of long-standing attitudes is a function of preventive mediation. Original projections were approximately 1,000 assignments in FY 1986 and 1,200 in FY 1987 to meet the needs and goals of the agency's consumers. It now appears that funding restraints will require rejection of some requests to bring the total for FY 1986 down to the 850 range and to 1,000 for FY 1987.

C. Public Information and Educational Activities

Part of the mediator's job is to participate in the dialogue of his/her profession and to help explain the collective bargaining and mediation processes. Public information and educational activities help labor and management and the public to understand the obligations, pressures, and responsibilities involved in collective bargaining and the mediation process, and serve to enhance labor peace and industrial stability. Public information and educational activities are projected at 900 cases closed for Fiscal Year 1987.

D. Arbitration Services

Arbitration continues to be the most widely-used means of peacefully resolving questions involving interpretations and applications of collective bargaining agreements. Arbitration also plays a role in reaching agreements (termed "interest arbitration"), particularly in the public sector. Use of other, related arbitration services such as appointments of boards of inquiry in the health care industry, appointment of fact-finders, and assistance in establishing permanent panels for larger labor and management groups also continues.

Demands for arbitration services continued at a high level in Fiscal Year 1985. The Service provided 33,390 panels during Fiscal Year 1985. A total of 34,000 panels is projected for FY 1987.

The tabulation that follows shows the workload projections for FMCS activities for Fiscal Years 1986 and 1987.

WORKLOAD PROJECTIONS
FISCAL YEARS 1986 AND 1987

	Actual FY 1983	Actual FY 1984	Actual FY 1985	Estimated FY 1986 before P.L. 99-177	Estimated FY 1986 after P.L. 99-177	Estimated FY 1987
A. Dispute Mediation						
1. Dispute case assignments in process during the fiscal year	32,989	32,789	31,982	31,874	31,874	31,700
2. Joint meeting cases closed	8,617	9,052	8,019	8,450	8,450	8,500
3. Percentage of ratio of joint meeting cases closed to total assignments in process during the year	26.1%	27.6%	25.1%	26.5%	26.5%	26.8%
B. Preventive Mediation						
Total cases closed	1,006	730	960	1,000	850	1,000
C. Public Information and Educational Activities						
Total cases closed	876	725	822	900	550	900
D. Arbitration Services						
Number of panels submitted to the parties	32,710	32,322	33,390	33,500	33,100	34,000

FORECAST OF FMCS ACTIVITY

FISCAL YEAR 1987

I. DISPUTE MEDIATION

In Fiscal Year 1987 there will be major contracts expiring in the construction, aerospace, electric utilities, food, longshore, shipbuilding, glass manufacturing, and automotive industries. Strikes in these industries and other smaller, but no less essential ones, could jeopardize the economic recovery. In these major contracts FMCS is historically quite active and it is antipated FMCS involvment will follow this same pattern during this coming round of negotiations.

There will be continuing emphasis on job security and related issues at the bargaining table. Contracting out, work rule changes, retraining and job guarantees will be a major concern of the unions especially in those basic industries which have suffered the greatest cut-backs in the past few years. Health care cost containment and retirement programs will be important issues in negotiations, along with the basic wage demands of workers. Concessionary bargaining will probably decline and labor unions will attempt to recover contract concessions made during recent years. Attempts at pattern bargaining will be met with some difficulty and may result in more local issue bargaining. It is expected that there will be a continued interest in cooperative arrangements between labor and management. The effect of all of this will be a continued demand for FMCS assistance by the parties.

A selected listing of some of the major contracts expiring in FY 1987, along with the unions involved, the number of workers involved, and the expiration dates provided by the Department of Labor, along with a key, follows this section.

Health Care

The private health care industry has grown to become one of the largest in the U. S. economy, employing close to five million persons working among 7,000 hospitals and 25,000 nursing homes and related facilities in all states. This total excludes both employees of federal, state, and municipal health care institutions and those engaged in producing pharmaceuticals and health care equipment. Nationwide, medical care expenses account for almost ten percent of the gross national product.

In 1974, Public Law 93-360 amended the National Labor Relations Act and brought private nonprofit hospitals under the jurisdiction of the National Labor Relations Board and the Federal Mediation and Conciliation Service. These amendments gave FMCS a major role in promoting collective bargaining and the peaceful resolution of disputes in the industry and provided for a number of dispute resolution measures applicable to health care facilities. These include early notification of the intent to terminate or modify a contract, mandatory mediation, possible appointment of a board of inquiry or factfinder, and a ten-day strike notice.

Health care, except for the railroad and airline industries, which are under the jurisdiction of the National Mediation Board, is the only industry where mandatory mediation has been required by legislation. It is unique, however, in that it is the only industry where the jurisdictional authority can unilaterally institute board of inquiry fact-finding procedures which can make recommendations for the settlement of a dispute.

Public Sector

In 1979 Executive Order 11491 was replaced by a new statute (Title 5 United States Code, Chapter 71) covering Labor-Management and Employee Relations, which provides that: "The Service shall provide services and assistance to agencies and exclusive representatives in the resolution of negotiation impasses, and shall determine under what circumstances and in what manner it shall provide services and assistance."

There are about 2,800 labor-management contracts in the Federal Government.

Typically, greater mediator participation is called for in a federal sector case than in other public sector cases (state and local) because the number of meetings per case is much higher. Without the economic issues present in the private sector, there are less inducements and less pressure for bargainers to resolve contract disputes.

Mediation of labor disputes in the state and local sectors is handled by state mediation agencies where such agencies are provided. However, where this service is not available FMCS provides necessary mediator coverage.

The policy of FMCS is, and will continue to be, to encourage state and local governments to establish their own mediation capability. Nevertheless, we expect that a degree of FMCS assistance in the state and local areas will continue in the foreseeable future.

FISCAL YEAR 1987
SELECTED MAJOR CONTRACT EXPIRATIONS

Employer	Union	Location	Number of Employees Involved
October 1986			
Boeing-Vertol	UAW	PA	2,300
American Steel Foundaries	USA	Multi-state	2,000
Boeing	IAM	Multi-state	29,200
General Dynamics-Elec. Boat	MSW	MA	4,000
Gibson Products	UAW	MI	3,000
Greyhound Lines	ATU	Multi-state	17,000
Hughes Tool	USA	TX	3,250
I-A Chain & Ind Food Stores	UFCW	WI	3,000
I-A Dye & Machine Print Cos.	ACTWU	Multi-state	3,000
Kaiser Foundation Hospitals	SEIU	CA	7,850
Kroger Stores	UFCW	OH	3,000
Lockheed Aircraft-CALAC	IAM	CA	9,600
Lockheed Georgia	IAM	GA	9,250
Lockheed Missiles & Space	IAM	Multi-state	5,750
Lone Star Steel	USA	TX	4,300
McDonnell Douglas Aircraft	UAW	CA	9,900
McDonnell Douglas	IAM	Multi-state	7,150
November 1986			
Boeing	Indpt	Multi-state	11,600
Boeing Computer Services	Indpt	WA	10,500
Dana	USA	PA	2,200
Hershey Foods	BCTW	PA	3,000
I-A Phonograph Agmt	AFM	Multi-state	20,000
Kroger Stores	UFCW	KY	5,750
Louisville Gas & Electric	IBEW	KY	2,400
McLouth Steel	USA	MI	3,400
McDonnell Douglas Aircraft	Indpt	Multi-state	2,500
Metro Taxicab Board of Trade	Indpt	NY	6,000
RCA	IUE	Multi-state	6,300
RCA Service	IBEW	Multi-state	2,600
Tropicana Products	IBT	FL	3,500
December 1986			
Associated Guard & Patrol Agencies	SEIU	IL	6,000
Constructors Assn of Western PA	IUOE	PA	7,400
Constructors Assn of Western PA	IBT	PA	2,500
Dana	UAW	Multi-state	4,300
I-A Heavy Highway	LIUNA	PA	5,000

Employer	Union	Location	Number of Employees Involved
December 1986 (cont.)			
IBP	UFCW	NE	2,600
Lockheed-CALAC	Indpt	CA	2,350
Marriott-Boks Big Boy	Indpt	CA	6,400
Metro Marine Maint. Contrs Assn.	ILA	Multi-state	2,000
Metro Marine Contrs. Assn.	ILA	Multi-state	2,000
Olin	IAM	IL	3,500
Plastic Soft Materials Assn.	ILGWU	NY	5,000
Realty Advisory Board	SEIU	NY	20,000
San Mateo Co. Rest. Hotel Assn.	HERE	CA	4,500
So. Calif. Edison	IBEW	CA-NV	4,600
So. Calif. Edison	UWU	CA	2,250
Westvaco	UPIU	VA-MD	2,300
January 1987			
Corning Glass	GBBA	NY	3,500
Midtown Realty Owners Assn.	SEIU	NY	2,500
February 1987			
Alliance of Motion Pict & TV	AFM	Multi-state	2,200
Assn. of Bituminous Contrs.	UMW	Multi-state	12,000
Fieldcrest Mills	ACTWU	NC-VA	7,000
I-A Documentary & Film Agmt	AFM	CA	2,500
I-A Hotel Ind.	HERE	HI	11,000
Kroger Stores	UFCW	TX	5,700
Litton Ind-Ingalls Shipb.	Indpt.	MS	3,800
Marine Towing & Trans. Assn.	ILA	Multi-state	3,000
Rohr Ind	IAM	CA	5,000
Safeway Stores	UFCW	TX	2,100
San Diego Gas & Electric	IBEW	CA	2,100
UTC-Sikorsky Aircraft	IBT	CT	6,000
Whirlpool	IUE	IN	2,500
White Consol Indus.	USA	Multi-state	2,500
March 1987			
ACF Indus.	USA	Multi-state	2,000
AGC	Multi	NM	7,250
Bldrs Assn. of Missouri	CJA	MO	2,000
Conn. Const. Indus. Assn.	CJA	CT	6,500
FMC	IAM	CA	2,600
General Mills	AFGM	Multi-state	4,000
Gulf Coast Constrs. Assn.	PPF	TX	4,000
Indiana Constrs.	LIUNA	IN	4,000

Employer	Union	Location	Number of Employees Involved
March 1987 (cont.)			
Kaiser Foundation Hospitals	SEIU	CA	9,000
Kroger Stores	UFCW	IN	2,700
NBC	NABET	Multi-state	3,000
Publishers Assn.	NMD	Multi-state	2,000
Rock & Ready Mix Concrete Emplrs	IBT	CA	4,000
April 1987			
Chicago Litographers Assn.	PGCU	IL	4,000
Colonial Stores	UFCW	NC-GA	4,100
Conn. Constr. Ind. Assn.	IUOE	CT	2,800
Consol. Papers	UPIU	WI	2,600
Cummins Engin.	Indpt.	IN	5,500
Dehydration Industry	IBT	CA	4,550
Foodtown Stores	UFCW	NY-NJ	5,100
Grand Union Stores	UFCW	NY-NJ	3,100
Graphic Arts Assn.	GCIU	DE	2,700
I-A Bldg. & Const. Agmt.	CJA	CO	5,000
No. Texas Const. Assn.	LIUNA	TX	2,800
No. Texas Const. Assn.	CJA	TX	2,800
NECA	IBEW	DC	2,100
Owens-Corning Fiberglass	Indpt.	KS	3,800
Pathmark & Shop-Rite Stores	UFCW	Multi-state	17,500
Sears-Roebuck	IBT	CA	2,300
May 1987			
AGC	CJA	LA	6,000
AGC	CJA	OH-KY	2,500
Conn. Const. Indus. Assn.	LIUNA	CT	3,500
Council of Hawaii Hotels	ILA	HI	6,800
Detroit Mason Contrs. Assn.	BAC	MI	3,300
Elec. Contrs. Assn. of Chicago	IBEW	IL	6,500
General Telephone	IBEW	Multi-state	3,400
Great Western Sugar	IBT	Multi-state	2,000
I-A Denver Retail Grocers	UFCW	CO	4,150
I-A Indep. Non-Assn. Rest. Emplrs	LIUNA	WA	5,000
I-A Twin City Hospitals	ANA	MN	6,100
King Soopers	UFCW	CO	6,200
Kroger Stores	UFCW	TX	4,500
Marba Heavy-Hwy.	IUOE	IL	5,000
McDonnell-Douglas	IAM	MO	9,700
Newport News Shipbuilding	USA	VA	27,000
NECA	IBEW	MI	2,800
NECA	IBEW	NY	2,000
Owens-Corning Fiberglass	GBBA	OH	14,000
Pennsylvania Electric	IBEW	PA	2,150
PDCA	PAT	IL	6,000

Employer	Union	Location	Number of Employees Involved
	June 1987		
Allied Underware Assn.	ILGWU	NY	3,000
Assn. of Motion Pict & TV Prod.	DGA	Multi-state	7,000
AGC	IUOE	UT	2,800
AGC	CJA	UT	2,400
Building Contrs. Assn.	LIUNA	NY	2,100
BTEA Cement League Assn.	LIUNA	NY	3,500
General Contrs. Assn.	CJA	NY	21,350
Greater Blouse, Skirt Assn.	ILGWU	NY	2,000
I-A Bldg. Constr. Agmt.	CJA	NY	3,500
I-A Dry Cargo Vessel Cos.	NMU	Multi-state	6,000
I-A Indpt. Dockbuilder Agmt.	CJA	NY	2,200
I-A Tanker Vessel Cos.	NMU	Multi-state	5,000
John Hancock Insurance	UFCW	Multi-state	5,200
Martin Marietta Energy Systems	Indpt	TN	4,250
Mech. Contr. Assn. of NY	PPF	NY	5,000
Metro Lithographers Assn.	GCIU	Multi-state	5,200
PDCA	PAT	CA	2,500
Chicago Dealers Assn.	IAM	IL	2,900
Rockwell International	UAW	CA	18,100
Textile Rental Services Assn.	LDC	CA	3,000
Textron-Bell Helicopter	UAW	TX	2,750
Detroit Edison	UWU	MI	3,600
	July 1987		
AO Smith	Multi	WI	4,000
Bradlee Stores	UFCW	MD-VA	2,000
General Dynamics-Convair	IAM	CA-FL	4,200
General Telephone	CWA	OH	2,250
National Elevator	IUEC	Multi-state	18,000
Pacific Maritime Assn.	ILWU	Multi-state	7,500
So. Illinois Contrs. Assn.	LIUNA	IL	6,000
United Parcel Service	IBT	NJ	4,000
United Parcel Service	IBT	OH	6,000
	August 1987		
Beech Aircraft	IAM	KS-CO	6,750
Blue Cross-Blue Shield	UAW	MI	3,000
General Contrs. Assn.	LIUNA	HI	2,150
General Telephone	IBEW	FL	8,800
I-A Indpt. Rest. & Tavern Agmt.	HERE	CA	3,500
I-A Maint. Contrs. Agmt.	SEIU	MA	7,500

Employer	Union	Location	Number of Employees Involved
	September 1987		
Cessna Aircraft	IAM	KS	8,000
Cleveland Food Ind. Comm.	UFCW	OH	9,800
Ford Motor	UAW	Multi-state	110,250
General Motors	URW	OH	3,950
General Motors	UAW	Multi-state	335,000
National Steel & Shipbuilding	Indpt.	CA	3,000
National Steel & Shipbuilding	BSOIW	CA	3,000
No. Calif. Assn. Bakery Emplrs.	IBT	CA	3,700

UNION KEY

ACTWU - Amalgamated Clothing & Textile Workers
AFGM - American Federation of Grain Millers
AFM - American Federation of Musicians
ANA - American Nurses Association
ATU - Amalgamated Transit Union
BAC - Bricklayers and Allied Craftsmen
BCTW - Bakery, Confectionery, and Tobacco Workers Union
BSOIW - International Association of Bridge, Structural and Ornamental Ironworkers
CJA - United Brotherhood of Carpenters & Joiners of America
CWA - Communication Workers
DGA - Directors' Guild of America
GBBA - Glass Bottle Blowers Association of the U. S. and Canada
GCIU - Graphic Communications International Union
HERE - Hotel Employees and Restaurant Employees International Union
IAM - International Association of Machinists and Aerospace Workers
IBEW - International Brotherhood of Radio Broadcast Technicians Electrical Workers
IBT - International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America
ILA - International Longshoremen's Association
ILGWU - International Ladies Garment Workers Union
ILWU - International Union of Longshoremen and Warehousemen
INDPT - Independent
IUE - International Union of Electrical, Radio and Machine Workers
IUEC - International Union of Elevator Constructors
IUOE - International Union of Operating Engineers
LDC - Laundry and Drycleaners International Union
LIUNA - Laborers International Union of North America
MSW - Industrial Union of Marine and Shipbuilding Workers of America
NABET - National Association of Broadcast Employees and Technicians
NMD - Newspaper and Mail Deliverers Union of New York and vicinity
NMU - National Maritime Union
PAT - International Brotherhood of Painters & Allied Trades of the U. S. & Canada
PGCU - International Printing and Graphic Communications Union
PPF - United Association of Journeymen and Apprentices of the Plumbing & Pipe Fitting Industry of the U. S. & Canada
SEIU - Service Employees International Union

UAW - United Automobile, Aerospace and Agricultural Implement Workers of America America
UFCW - United Food and Commerical Workers
UPIU - United Paperworkers International Union
URW - United Rubber, Cork Linoleum & Plastic Workers of America
USA - United Steelworkers of America
UMW - United Mine Workers
UWU - Utility Workers Union of America

II. PREVENTIVE MEDIATION

Preventive Mediation

Preventive mediation is dedicated to assisting the parties in avoiding disputes and improving their labor-management relationships. Currently, because of the needs of the parties and the changing environment of industrial relations, additional attention is being placed on these activities.

Federal mediators utilize a variety of approaches in problem identification and dispute resolution. The objective is to create working relationships conducive to peaceful settlement of labor agreements at the time of contract expiration; to provide means for effective administration of contracts during the life of the agreements and to assist in developing a structure for dealing with those matters which impact on labor-management relationships. Preventive mediation is used to promote sound and stable labor-management relations and to foster joint relationships between labor and management to increase mutual understanding and ability to resolve common problems. Specific activities include relations-by-objective programs, labor-management committees, labor relations training programs and other joint efforts.

Relations-By-Objective (RBO)

RBO consists of an intensive seven-stage process of problem identification and conflict resolution. Conducted by a team of experienced mediators, an RBO exercise requires the participation of top management and union leadership.

Numerous RBO programs have been conducted throughout the United States with a high incidence of subsequent peaceful contract settlements. One study revealed that of 15 negotiated agreements which followed RBO efforts, 13 settlements were reached without a single day of lost time due to work stoppage. In the previous decade, those 15 company-union relationships had well over four million man-days of lost time due to work stoppages.

Labor-Management Committees

Mediators participate in the organization or the ongoing activities of several hundred labor-management committees each year. The purpose of these committees is to provide a forum for labor and management to meet periodically for discussion of mutual problems. Most labor-management committees are "in-plant" committees which allow management and union representatives the opportunity to review problems which impact on productivity, organization of work, absenteeism, costs, quality and working conditions on the shop floor.

Another form is the area labor-management committee formed among the management and labor organizations in a local geographical area for a variety of purposes including improvement of the labor relations climate in the area, economic development, and worker training and education. One important objective is to provide a healthy economic climate to hold and attract industry and jobs.

Training

Both labor and management seek assistance from mediators for training programs relating to the administration of their contract. Mediators are used as trainers because of their reputation of being professional neutrals experienced in industrial relations. Typically, this training is provided to local union officials and first-line supervisors. There are, however, demands for more sophisticated training in collective bargaining and arbitration for higher higher level officials as well.

Mediators conduct this type of activity as joint training wherever possible, which serves to increase understanding of mutual concerns.

III. PUBLIC INFORMATION AND EDUCATIONAL ACTIVITIES

The purpose of the information and educational activities of FMCS is to advance the national policy of collective bargaining. These activities promote the wider acceptance and proper use of the collective bargaining process and third-party assistance in the prevention and settlement of labor-management disputes. In turn, this process advances the public policy that collective bargaining and mediation, when effectively applied, help achieve labor peace.

Mediators engage in public information and educational activities through lectures at educational institutions, participation in public and private sector seminars and conferences, and through their availability to the media. These activities help the labor-management community and the general public gain a better understanding of the uses of dispute mediation, preventive mediation, arbitration, and collective bargaining.

IV. ARBITRATION SERVICES

Arbitration is almost universally used to resolve labor disputes arising out of the interpretation of collective bargaining agreements. In addition, arbitration is increasingly used as a substitute for strikes or as a method of resolving impasses in contract negotiations, particularly in the public sector. Arbitration is favored by national labor policy; Title II of the LMRA directs that governmental facilities be made available to facilitate the use of arbitration.

Since its inception, FMCS has provided on request to labor and management lists of experienced, qualified arbitrators from which parties may select a person to hear and decide disputes. In FY 1985 the Service received 31,222 requests for panels, of which 10,891 resulted in recorded appointments.

FMCS also provides assistance to parties in setting up improved alternatives to case-by-case selection of arbitrators. FMCS provides assistance to parties on names, procedures, and contract language for permanent umpires or panels for expedited arbitration. FMCS assistance in this area increased during FY 1985 and this demand for assistance is expected to continue in FY 1986 and FY 1987.

Under Public Law 93-360, the FMCS establishes boards of inquiry for health care industry disputes. A board of inquiry is usually appointed from the FMCS roster and the administration of a board's term of office is delegated to the Division of Arbitration Services (DAS).

Under the Civil Service Reform Act of 1978, arbitration is a principal avenue available to redress grievances of federal employees. It is anticipated that the FMCS activity in federal service arbitration will continue to increase.

In late Fiscal Year 1984 and early Fiscal Year 1985, the Service played a critical role in the complex negotiation/arbitration procedures which led to final agreements between the U. S. Postal Service and its four largest unions. This role included selection of fact finders and appointments of interest arbitrators to hear and decide issues in dispute. Similar assistance by the Division of Arbitration Services was continued during that time with other smaller bargaining units of the Postal Service.

V. MANAGEMENT AND ADMINISTRATIVE SUPPORT

This program provides for policy planning, evaluation, direction, coordination, legal advice, employee development, management, and administrative support.

FMCS management and administrative support programs and operations serve as the foundation of other program areas. By ensuring that its operations provide necessary assistance, other activities of the Service will be accomplished cost-effectively. Some of the significant projects undertaken in FY 1985 and that will be undertaken in FY 1986 and FY 1987 follow.

The Division of Operations Support serves as the central headquarters contact/coordination point for field operations in the area of case administration. This centralization has resulted in optimizing resources, and timely, effective, and efficient problem resolution. The primary concentration of the division during FY 1986 is the enhancement of the automated case administration system to augment the statistical data upon which the mediator workload analysis and staffing plan is based. This will continue to be a focus in 1987 together with a careful review of all data collected as the agency develops a greater historical statistical base on which to make decisions.

The class of 18 mediators hired in 1984 and 1985 continued to be trained during 1985 on mediation skills and techniques along with additional orientation to FMCS as needed. This training for new mediators will continue as budget allows. In addition particular skills training has been available on a limited basis to other mediators and staff.

In early 1986, for the first time in a number of years, a budget for training was directly provided to each Region to use for selected needs of individual staff. With the budget restrictions imposed by the first Gramm-Rudman-Hollings cutback, this system, and all outside training, had to be curtailed, but it is anticipated that this system will be resumed in FY 1987, as will retirement training, as some 20 percent of FMCS staff is currently eligible for retirement.

In FY 1985, the first National Seminar since 1979 was held. All the participants gave high praise to the Seminar which provided training for the Service's mediators on the latest and most effective techniques of dispute mediation and preventive mediation. It also provided for a free-flowing exchange of ideas and success stories among the attendees. A similar Seminar is planned for 1987 as a follow-up.

During 1985 the ADP Steering Committee reviewed systems throughout FMCS for enhancement. The personnel/payroll system was converted to another government agency and enhancements such as electronic transfer are underway in 1986. The system will be reviewed for any additional improvements in 1987. The feasibility of computerization of the Arbitration Services Division was reviewed in 1985 and the implementation has begun. Depending on the progress of this project because of stringent staffing restrictions, it is hoped that the initial phase will be completed in 1986 and enhancements will begin 1987.

In addition, a review was made in FY 1985 of all word processing and other computer equipment needs in the national and field offices. As a result, equipment was redeployed or acquired to meet requirements such as electronic transmission of data to the Treasury Department and to start to bring the Budget and Finance Divisions up to the state of the art. During 1986 and 1987, these various divisions will continue to apply new programs to their equipment to provide management with accurate and timely data for budgeting and other purposes. Throughout these conversions, internal training has been provided on each particular system.

VI. LABOR-MANAGEMENT COOPERATION PROGRAM

FMCS will award 12 to 15 grants in FY 1986. These grants will be used to help pay for the establishment or expansion of labor-management committees in the area, plant, industry, and public sector categories. No funds for this program are requested for FY 1987. Traditional preventive mediation provided by mediators to labor-management committees will continue.

STAFFING REQUIREMENTS

FISCAL YEAR 1987

The budget request for Fiscal Year 1987 includes a total of 341 full-time equivalent employment--a decrease of 3 from the authorized Fiscal Year 1986 level of 344.

A distribution of the full-time equivalent employment for Fiscal Year 1987 is as follows:

National Office Staff	85
Field Staff	256
Total Full-Time Equivalent Positions	341

The following table shows a distribution of full-time equivalent employment by activity:

Activity	
Mediation Services, Preventive Mediation and Public Information/ Educational Activities	275
Arbitration Services	14
Management and Administrative Support	52
Total Full-Time Equivalent Employment	341

JUSTIFICATION FOR FINANCIAL REQUIREMENTS

FISCAL YEAR 1987

FINANCIAL REQUIREMENTS

The program level and expected obligations for Fiscal Year 1987 are $23,220,000.

	FY 1986 Enacted	FY 1986 after PL-99-177	1987
Appropriation	$23,394,000	$23,394,000	$23,220,000
Reduction pursuant to PL 99-177	-	-1,006,000	-
Supplemental now requested	-	+ 268,000	-
Total Obligations	$23,394,000	$22,656,000	$23,220,000

A distribution by object classification is as follows:

OBJECT CLASSIFICATION

	FY 1986 Enacted	FY 1986 after PL 99-177*	1987
Personnel Compensation:			
Full-time Permanent	$15,538,000	$15,176,000	$15,351,000
Other than Full-time Permanent	144,000	93,000	144,000
Other Personnel Compensation	75,000	19,000	77,000
Total Personnel Compensation	15,757,000	15,288,000	15,572,000
Personnel Benefits	1,992,000	2,139,000	2,206,000
Benefits for Former Personnel	15,000	15,000	15,000
Travel and Transportation of Persons	1,089,000	848,000	1,419,000
Transportation of Things	19,000	71,000	71,000
Standard Level User Charges	1,847,000	1,815,000	2,150,000
Communications, Utilities, and Other Rents	967,000	933,000	990,000
Printing and Reproduction	25,000	15,000	28,000
Other Services	472,000	429,000	508,000
Supplies and Materials	136,000	121,000	151,000
Equipment	75,000	25,000	110,000
Grants, Subsidies, and Contributions	1,000,000	957,000	-
TOTAL OBLIGATIONS	$23,394,000	$22,656,000*	$23,220,000

*Includes Supplemental requested to cover official station transfers ($268,000)

Personnel Compensation--$15,572,000

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
Full-time Permanent	$15,538,000	$15,176,000	$15,351,000
Other than Full-time Permanent	144,000	93,000	144,000
Other Personnel Compensation	75,000	19,000	77,000
TOTAL	$15,757,000	$15,288,000	$15,572,000

The $15,572,000 requested in FY 1987 for Personnel Compensation reflects the following: (1) $15,351,000 in personnel compensation for full-time permanent employees; (2) $41,000 for compensation of temporary administrative/clerical employees; (3) $103,000 for compensation of WAE employees who are members of Boards and Panels; (4) $67,000 for incentive awards, Merit Pay awards, and SES rank and performance awards; and (5) $10,000 for compensation of overtime.

Personnel Benefits--$2,206,000

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
OPM Retirement Fund	$1,070,000	$1,039,000	$1,063,000
Life Insurance	45,000	39,000	44,000
Health Benefits	371,000	365,000	370,000
FICA Taxes	58,000	50,000	57,000
Employee Compensation Payments	208,000	208,000	242,000
Official Station Transfers	63,000	266,000*	266,000
Cost-of-Living Allowance	12,000	12,000	12,000
Medicare Tax	146,000	146,000	146,000
Boards & Panels Benefits	6,000	2,000	6,000
Labor-Management Cooperation Project (LMCP) Benefits	13,000	12,000	-
TOTAL	$1,992,000	$2,139,000	$2,206,000

The $2,206,000 requested in FY 1987 for Personnel Benefits includes: (1) $1,063,000 for payments to the OPM Retirement Fund; (2) $414,000 for life and health insurance payments for

*Includes $203,000 requested as part of the Supplemental for official station transfers

employees who elect to receive such coverage; (3) $57,000 for FICA payments; (4) $242,000 for compensation payments made to FMCS employees (and/or their spouses) involved in work-related accidents or injuries; (5) $266,000 for real estate fees, subsistence, miscellaneous expenses, and income tax reimbursements connected with the 20 official station transfers expected in FY 1987; (6) $12,000 for the cost-of-living adjustment for the mediator stationed in Hawaii; (7) $146,000 for medicare payments for permanent employees; and (8) $6,000 for benefits paid to members of Boards and Panels.

Benefits for Former Personnel--$15,000

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
Unemployment Compensation Payments	$ 15,000	$ 15,000	$ 15,000

The $15,000 requested is for unemployment compensation payments to former employees.

Travel and Transportation of Persons--$1,419,000

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
National Office Assignments	$60,000	$37,000	70,000
Field Station Assignments	985,000	766,000	1,052,000
Training Seminars, Workshops and Conferences	-	20,000	240,000
Family Travel Expenses	3,000	8,000*	8,000
New Mediators	20,000	7,000	35,000
Boards and Panels	14,000	5,000	14,000
LMCP	7,000	5,000	-
TOTAL	$ 1,089,000	$ 848,000	$1,419,000

The $1,419,000 requested for Travel and Transportation of Persons includes: (1) $70,000 for travel performed by national office staff; (2) $1,052,000 for field travel--primarily for Dispute Mediation, Preventive Mediation and Public Information and Educational Activities; (3) $240,000 for training seminars, workshops and conferences; (4) $8,000 for family travel expenses connected with the 20 expected official station transfers; (5) $35,000 for travel of new mediators during their orientation period; and (6) $14,000 for travel expenses for Boards and Panels members.

*Includes $5,000 requested as part of the Supplemental for official station transfers

Transportation of Things--$71,000

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
Transportation of Household Goods	$18,000	$70,000*	$70,000
Miscellaneous Transportation Costs	1,000	1,000	1,000
TOTAL	$19,000	$71,000	71,000

The $71,000 requested for FY 1987 for Transportation of Things includes: (1) $70,000 for transportation of household goods connected with the 20 official station transfers expected in FY 1987; and (2) $1,000 for miscellaneous transportation expenses.

Communications, Utilities, and Other Rents--$3,140,000

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
Communications			
FTS System	$285,000	$277,000	$299,000
GSA Service	247,000	247,000	259,000
Telegraph	2,000	2,000	2,000
Commercial Telephone	126,000	126,000	132,000
Postage	114,000	114,000	118,000
LMCP	17,000	16,000	-
TOTAL COMMUNICATIONS	$791,000	$782,000	$810,000
Rentals			
Office Space	$1,847,000	$1,815,000	$2,150,000
ADP Equipment	94,000	80,000	94,000
Reproduction and Miscellaneous Equipment	69,000	63,000	73,000
Boards and Panels	3,000	1,000	3,000
Conference Room	3,000	1,000	3,000
Passenger Motor Vehicles	7,000	6,000	7,000
TOTAL RENTALS	$2,023,000	$1,966,000	$2,330,000
TOTAL COMMUNICATIONS, UTILITIES, AND OTHER RENTS	$ 2,814,000	$2,748,000	$3,140,000

Communications--The $810,000 requested in FY 1987 for Communications and Utilities includes: (1) $690,000 for FTS, GSA Service, and commercial system charges expected in FY 1987; (2) $118,000, for postage; and (3) $2,000 for telegraph expenses incurred during critical negotiations.

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*Includes $52,000 requested as part of the Supplemental for official station transfers

Rentals--The $2,330,000 requested in FY 1987 for Rentals includes: (1) $2,150,000 for office space rental [Note: The 1986 figure of $1,815,000 for office space reflects a reduction of 4,500 sq. ft. This reduction was taken as a result of the Gramm-Rudman-Hollings cutbacks.]; (2) $94,000 for the rental of automated data processing equipment; (3) $73,000 for reproduction and miscellaneous equipment rental; (4) $7,000 for motor vehicle rental; (5) $3,000 for rental of conference rooms during certain negotiations; and (6) $3,000 for Boards and Panels expenses.

Printing and Reproduction--$28,000

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
Annual Report	-	-	$ 3,000
FMCS Forms & Other Printing	$25,000	$15,000	25,000
TOTAL	$25,000	$15,000	$ 28,000

The $28,000 requested in FY 1987 for Printing and Reproduction includes: (1) $3,000 for printing the Service's Annual Report; and (2) $25,000 for agency forms and miscellaneous printing.

Other Services--$508,000

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
Professional Development and Training	$21,000	$14,000	$ 21,000
Maintenance of ADP Equipment	112,000	112,000	112,000
Support Services for ADP Development	154,000	135,000	154,000
Office Repairs, Alterations and Maintenance	20,000	15,000	45,000
OPM Investigations	21,000	4,000	18,000
Health Care Services	18,000	18,000	18,000
Maintenance of Office Machines and Equipment	21,500	21,500	24,500
Boards and Panels	24,000	24,000	24,000
Station Transfers	4,000	12,000*	12,000
Official Representation Fund	2,500	2,500	2,500
Guard Services	61,000	65,000	64,000
Other Contractual Services	5,000	2,000	5,000
Moving Expenses	5,000	1,000	8,000
LMCP	3,000	3,000	-
TOTAL	$472,000	$429,000	$508,000

The $508,000 requested for FY 1987 for Other Services includes: (1) $21,000 for professional development and training; (2) $266,000 for regular ADP operations and for operations of the Payroll/Personnel system; (3) $45,000 for office repairs,

*Includes $8,000 requested as part of the Supplemental for official station transfers

alterations and maintenance; (4) $18,000 for Office of Personnel Management investigations of employees hired to fill sensitive positions; (5) $18,000 for health care services--HHS health unit fees; (6) $24,500 for maintenance of office machines; (7) $24,000 for Boards and Panels expenses; (8) $12,000 for storage of household goods connected with the 20 official station transfers expected in FY 1987; (9) $2,500 for official representation expenses; (10) $64,000 for Guard Services in the national office; (11) $8,000 for moving expenses in the national office and in the field stations; and (12) $5,000 for other contractual services.

Supplies and Materials--$151,000

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
Supplies and Materials	$80,000	$76,000	$96,000
ADP Supplies	42,000	34,000	42,000
Subscriptions	13,000	10,000	13,000
LMCP	1,000	1,000	-
TOTAL	$136,000	$121,000	$151,000
	========	========	========

The $151,000 requested for Supplies and Materials includes: (1) $96,000 for regular supplies and materials; (2) $42,000 for ADP supplies; and (3) $13,000 for subscriptions.

Equipment--$110,000

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
Furniture, Fixtures and Office Equipment	$ 5,000	$ 2,000	$10,000
ADP Equipment (Regular)	68,000	21,000	68,000
Audio-Visual Equipment and Training Films	2,000	2,000	32,000
TOTAL	$75,000	$25,000	$110,000
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The $110,000 requested in FY 1987 for Equipment includes: (1) $10,000 for furniture, fixtures, and office equipment; (2) $68,000 for ADP Equipment; and (3) $32,000 for audio-visual equipment.

Grants, Subsidies, and Contributions

	FY 1986 Enacted	FY 1986 after PL 99-177	1987
Grants, Subsidies, and Contributions	$1,000,000	$ 957,000	-
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THE MEDIATION PROCESS

The following value judgments do not presume to be all-inclusive in describing the merits of voluntary mediation. They are intended merely as often overlooked attributes--the vitality and strength of the mediation process.

Mediation may be active or passive, dependent upon the need, and it can help both labor and management to overcome obstacles that otherwise prevent peaceful agreement. Mediation alone will not eliminate all strikes; however, skilled and professional mediation has demonstrated that it can avert a high proportion of needless strikes and is capable of shortening the duration of those work stoppages that do occur.

The mediator is not just a chairperson of a labor-management meeting. The mediator actually becomes part of the process. The Federal Mediation and Conciliation Service is involved in conflict resolution between a wide variety of employers and their employees. The issues and personalities involved in these conflict situations are difficult to comprehend except on a case-by-case basis. Thus, the Service must rely upon a cadre of personnel who have the background and experience necessary to walk into the midst of a raging dispute, grasp both the issues and the power relationships; then apply measures for removing the proverbial "boulder in the road." They of course must do all this with the blessing of the combatants since mediation is a voluntary process.

Mediators are only invited into labor-management negotiations when the parties perceive a need for a neutral. Since the process is voluntary, a mediator's reputation and the process itself are dependent upon how the protagonists perceive the contribution.

When a mediator does enter a case, preferably before a strike atmosphere has crystallized, one or more of many techniques may be applied:

1. The simple technique of calling the parties into a meeting maintains the communication link when the parties have stalemated and otherwise refuse to meet directly.

2. As a neutral chairperson, the mediator can stabilize or minimize highly emotional situations and secure more orderly discussion.

3. The mediator can meet separately with each of the parties and act as a channel of communications for ideas and proposals that would not likely be presented directly across the table. In these separate sessions, the mediator can cause the parties to

thoughtfully weigh new ideas or alternative solutions without their concern of displaying weakness or committing positions to the other side. Here the mediator can also present data and facts that deflate unreasonable positions.

4. The mediator can structure face-saving ideas when this is necessary for internal politics or publicity concerns.

5. When a dispute reaches a deadline still without an agreement, the mediator can propose extension for further deliberations when either side would hesitate to advance such a suggestion for fear of it being construed as a sign of weakness.

6. Mediation, a voluntary, non-coercive, third party means of assistance, can cause labor and management to explore, analyze, and recognize the reasons behind their divergent viewpoints. This, in turn, can create a better climate in which to find accommodation of their present differences while developing an atmosphere for future understanding and respect.

EXAMPLES OF FMCS ACTIVITY

The Service is in the business of problem-solving. Our province is the field of labor-management relations and our goal is to assist the parties themselves to achieve peaceful and productive relationships.

Unfortunately, because of busy schedules, we cannot always see the fruits of our labor and sometimes we lose sight of the especially successful efforts of our people in getting the job done. Now, we intend to capture examples in which the mediation process and the active involvement of FMCS have made a substantial contribution to peaceful resolution of contractual disputes or other conflict.

The means of documenting these excellent FMCS cases or projects is achieved by providing some examples of our work. A primary purpose is to specify the measurable benefits derived by our active involvement in particularly difficult, complex and potentially serious disputes between labor and management.

Two examples follow that demonstrate the impact of FMCS assistance to the labor-management community.

MEDIATION HELPS BRING MAZDA TO MICHIGAN

Early in 1985 the Mazda Corporation considered plans to manufacture automobiles in the United States. The Japanese company was interested in a project that would employ six thousand American auto workers and create two thousand jobs in service and support operations. Building the factory would require an additional four thousand union workers.

The Japanese would consider all the alternatives before deciding to go ahead with the operation. One important consideration was where to build the U.S. facility.

Mazda's board of directors scheduled a meeting for April 1, 1985, to make a final decision on the location of their new four hundred million dollar assembly plant. They had a few choices: build in Flat Rock, Michigan, where negotiations were underway regarding the construction of the plant, build in another United States location, or forget the whole thing.

As the date of making these decisions drew near Mazda's president, Kenichi Yamamoto, knew that Kajima Construction International was negotiating with the Detroit Building Trades Council. Kajima Construction was Mazda's general contractor. The negotiations concerned arrangements for hiring the skilled construction workers needed to build an assembly plant on the proposed site in Flat Rock.

The negotiations were not going well. The immediate problem facing Kajima Construction and the American unions was the interpretation of an earlier construction agreement for major construction of another Japanese auto plant in the United States.

The Detroit Building Trades Council wanted to use this past agreement as a model, but they wanted to simplify the agreement. Kajima also proposed the previous agreement as a model; however, Kajima wanted to add extensive elaboration to the past agreement.

The State of Michigan wanted the new jobs the proposed Mazda plant would provide. State-wide unemployment was well over ten percent. The workers needed jobs. The State needed revenue.

The negotiations between Kajima and the unions drew the attention of others with a vested interest, including Michigan Governor James J. Blanchard and his administration, Congressman John Dingell, and representatives of various news organizations.

The afternoon of Thursday, March 28, was a long one for the negotiators. No project agreement had been reached. The deadline drew closer. Despite the best efforts of all interested parties there was a risk of failure.

Congressman Dingell's office called the Federal Mediation and Conciliation Service for assistance. Kajima and the Building Trades Council concurred.

In this tense situation where implications of the dispute were so important to the State of Michigan, the Federal Mediator, Commissioner Jim Statham, together with his collegue Ed Phillips of the Michigan Employment Relations Commission met with the parties on the afternoon of March 29. Both mediators had been monitoring the discussions. Now their skills would be tested to resolve the dispute before the Mazda Board meeting on April 1.

Mediation began immediately. After each side had an opportunity to present and clarify its position, the mediators suggested a period of exploration. Compromise and accommodation became possible as the mediation process continued throughout the weekend. Then, on Sunday, came yet another point of impasse.

A disagreement concerning the length of the work day and the work week threatened the negotiations. Long and difficult hours of mediated negotiations resolved this particular issue with acceptance of the mediators' joint recommendation.

The resolution of this final point left the company with adequate scheduling flexibility while the unions were assured of safe conditions and some premium pay opportunities for their constituents.

At 10 P.M., Sunday, March 31, an agreement was reached between Kajima and the unions.

The next day, 6,000 miles away in Hiroshima, Japan, Mazda's Board of Directors was making its decision on where the plant should be built. During their meeting the board decided that Flat Rock, Michigan seemed like a pretty good place to build an assembly plant for Mazda products. After all, the plant could be built...Kajima had an agreement with the American unions.

Michigan's Governor Blanchard later commented on the Mazda plant negotiations saying "The success of this project is of great importance to the people of the affected communities as well as to the people of Michigan. The role of the Federal Mediator in this case is an excellent example of Federal-state cooperation in an area which will benefit both the State of Michigan and the economy of our Country."

CREATIVE BARGAINING BETWEEN THE 3M COMPANY AND THE OIL, CHEMICAL AND ATOMIC WORKERS INTERNATIONAL UNION

The Way Things Are

Thousands of labor contracts are negotiated each year in the United States. In most, bargaining begins shortly before the existing contract expires and discussions become more intense as the deadline draws near. If impasse does occur, the parties frequently invoke mediation as an alternative to economic warfare.

A Different Perspective

The 3M Company and the Oil, Chemical and Atomic Workers International Union (OCAW), have blended proven negotiating techniques into their own unique bargaining form. This form combines reasoned problem solving and third-party mediation, unencumbered by the threat of a strike deadline. This technique is called mediated early-bird bargaining.

In Search of Excellence -- Again

The 3M Company is a leader in the development and manufacture of a broad range of products. Its corporate headquarters (together with a major research center and various manufacturing plants) is located in the St. Paul, Minnesota metropolitan area.

The OCAW, a large international labor organization, represents more than two thousand 3M employees in this metropolitan area through two of its local unions.

Negotiations in St. Paul have traditionally been hard fought bargains frequently consummated through the mediation process on the brink of a strike deadline date. While there has been an occasion of impasse leading to a substantial work stoppage, the relationship during the past decade has been somewhat more peaceful, if not harmonious.

Despite sometimes difficult negotiations, 3M and its St. Paul area employees share a commitment and loyalty that has helped create an image of excellence for the corporation.* Recognizing their continuing mutual interest, managers and union leaders joined in late 1981 to explore an alternative to their traditional bargaining-by-crisis.

Sensing a Problem and Doing Something About It

Negotiations have typically involved long hours of debate and discussion between OCAW local unions' bargaining committee composed of several dozen representatives from work groups with diverse interests and an equal number of managers from throughout the plants directly involved. Discussions between the two committees often included a mediator from the Federal Mediation and Conciliation Service's (FMCS) Minneapolis office. The mediator usually joined the talks in progress at or near the contract deadline and it was then not uncommon to enter into near-continuous, marathon bargaining until some mutually agreeable terms could be hammered out.

While these terms were being worked out, both parties were involved in costly and time consuming strike preparations. Management representatives attempted to calm anxious customers whose primary concern was the interruption of needed supplies, while the local union prepared its members for a strike.

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*In their best seller, In Search of Excellence, authors Thomas Peters and Robert Waterman describe 3M as one of America's most forward-thinking organizations. The corporation is portrayed as an excellent company where quality, service, innovation, problem-solving and experimentation are the byword.

Nearly a year in advance of the 1982 negotiations, the mediator and leaders from 3M and the unions began exploring an alternative to brinksmanship. After their joint search, 3M and OCAW decided to conduct earlybird negotiations. This meant the negotiations would be moved up six months to remove the mind-set of a strike deadline. The parties agreed to the continuance of their large bargaining committees as a means to insure broad representation of ideas. The mediation process would be used in an atmosphere conducive to joint problem solving rather than crisis management.

Two additional ideas were accepted in this experiment. First, the early negotiations would have a finite duration - generally two weeks. If settlement terms were not reached in this period, the negotiations would resume a few weeks before the contract's actual expiration. Next, the mediator was empowered by mutual consent to break off the early-bird negotiations at any time. Sensing that a situation might develop during the early negotiations which could be harmful to their continuing relationship, the mediator's delegated authority was intended to act as a safety valve -- insurance that both long term and immediate relationships were taken into account.

Success

The early-bird negotiations during the Spring of 1982 paved the way for a successful contract. These early-bird negotiations were so successful that they were used again in 1985. To the industrial customers of the company, the stable and peaceful labor-management relationship has meant a continued supply of essential products unfettered by labor strife. For 3M, its image has been enhanced as a reliable supplier of quality products to the auto industry and others so dependent upon its industrial abrasives, chemicals and tapes. Costly strike preparations have not been needed and the savings have been translated into early wage and pension improvements for the employees.

Learning from their experiences in many past crisis negotiations, as well as from the successful early-bird experiment in 1982, the parties now address issues as mutual problems rather than confronting each other as adversaries. Selective use of the mediation process is still an important part of their strategy but it is more often reserved for the really hard issues where the process has become even more effective.

The authority delegated to the mediator to break off negotiations, if they are not in the best interests of long-term labor-management relations, has provided the mediation process itself with greater flexibility. Flexibility, which in the context of rather large committees, lends greater legitimacy to the use of sub-committees and side-bar meetings between the principals. This has been helpful, not only in expediting the problem-solving process, but in ensuring that a mutually acceptable solution is obtained.

The parties have created an effective and imaginative alternative, one that has proven valuable to themselves and to their community. They agree that the mediation process was essential to their success. In fact, the company indicates that some objectives of early-bird bargaining are virtually impossible to obtain without the assistance of a professional mediator acceptable to both sides. Agreement occurs only when both sides are committed. The mediator, as a trusted neutral, can obtain the needed commitment privately without placing either side in an inflexible or untenable position.

A willingness to break with tradition if the old ways can be improved is central to the 3M -- OCAW bargaining approach. Reasoned, measured change while retaining the basic structure that has served them well is a fresh approach in the best traditions of labor-management relations.

Detail of Permanent Positions

	1986 Enacted	1986 after PL 99-177	1987
Executive Level III..............	1	1	1
ES-6.............................	1	1	1
ES-4.............................	4	4	4
ES-3.............................	1	1	1
Subtotal....................	7	7	7
GS/GM-15.........................	25	25	24
GS/GM-14.........................	209	206	201
GS/GM-13.........................	10	10	11
GS-12............................	13	13	4
GS-11............................	9	6	24
GS-10............................	1	1	1
GS-9.............................	2	2	2
GS-8.............................	8	8	8
GS-7.............................	16	15	15
GS-6.............................	17	17	17
GS-5.............................	10	9	10
GS-4.............................	7	7	7
GS-3.............................	5	5	5
Subtotal	332	324	329
Total permanent positions........	339	331	336
Total "other" positions..........	5	3	5
Total Positions..................	344	334	341

THURSDAY, APRIL 17, 1986.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

WITNESSES

FORD B. FORD, CHAIRMAN
RICHARD V. BACKLEY, COMMISSIONER
JOYCE A. DOYLE, COMMISSIONER
JAMES A. LASTOWKA, COMMISSIONER
L. CLAIR NELSON, COMMISSIONER
PAUL MERLIN, CHIEF ADMINISTRATIVE LAW JUDGE

Mr. NATCHER. We have before the committee Mr. Ford B. Ford to testify on behalf of the Federal Mine Safety and Health Review Commission.

Mr. Ford, before you give us your statement, tell us who you have with you at the table there.

Mr. FORD. Thank you, Mr. Chairman.

To my immediate left is Commissioner Richard Backley, former Acting Chairman and Chairman in years past of this Commission, who has been with the Commission since its inception; and Commissioner Joyce Doyle, who has been with the Commission since last fall; and on her left is Chief Administrative Law Judge Paul Merlin. On my right is Commissioner L. Clair Nelson, who has been with the Commission since 1982; and Commissioner James Lastowka, who has been in his position since 1984.

BUDGET REQUEST

Mr. NATCHER. We will be pleased to hear from you.

Mr. FORD. Thank you, Mr. Chairman.

It is a pleasure to be back before you, and in this case, supporting the budget of the Federal Mine Safety and Health Review Commission in the amount of $3,919,000.

Although the request includes a $286,000 increase over the 1986 adjusted budget level, it does represent a steady-state budget, and provides for full-funding of the 62 positions previously authorized for the Commission.

ADMINISTRATIVE LAW JUDGE DETERMINATIONS

In the activity of Administrative Law Judge determinations during fiscal year 1985, 1,490 new cases were received, and 1,417 cases were decided.

In fiscal year 1986, we anticipate the number of Administrative Law Judge cases to increase to 1,691, and expect dispositions to increase to 1,583.

Based on current estimates of mine inspections by the Mine Safety and Health Administration to be conducted in 1986, we expect to receive 1,824 new cases. Dispositions are expected to total 1,703, leaving a case inventory at the end of fiscal year 1987 of 1,476.

ALJ VACANCIES

There are currently two Administrative Law Judge vacancies. One has been vacant for a full year; one just since last January. We anticipate that we will be filling these positions, Mr. Chairman and we are requesting an increase of $87,000 for staffing.

THE COMMISSION

As you noted, we are pleased to have for the first time since early 1984 a full complement of five members. That involves, however, support positions for Commission members that are in various stages of recruitment.

It is anticipated all vacancies will be filled by the end of this fiscal year, and the $181,000 requested increase will be needed to fund full staffing in 1987.

COMMISSION CASES

The Commission itself is anticipating an increase of new cases. Based on the 28 new cases received as of February 21, this year, it is anticipated that a total of 65 new cases will be received during fiscal year 1986, which is 23 more than were received during fiscal year 1985.

For fiscal year 1987, we are anticipating a total of 70 new cases for Commission review.

Case dispositions totaled 59 in fiscal year 1985, and we are expected to increase dispositions to 69 in fiscal year 1986 and to 76 in fiscal year 1987.

This disposition level is not only keeping pace with the increase in new cases, but is allowing the Commission to steadily reduce its end-of-year pending cases. It is estimated that by the end of year 1987, there will be 23 cases unresolved, compared with 43 unresolved at the end of fiscal year 1984.

Mr. Chairman, that completes my abbreviated statement.

[The statement of Mr. Ford follows:]

SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN
SERVICES AND EDUCATION
STATEMENT OF
FORD B. FORD, CHAIRMAN
FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

MR. CHAIRMAN:

It is a pleasure to appear before you and the Committee again and to answer questions about the Federal Mine Safety and Health Review Commission and its FY 1987 budget request totaling $3,919,000.

Although the request includes a $286,000 increase over the 1986 budget level, it represents a steady-state budget that contemplates full funding of the Commission's previously authorized 62 positions.

I believe that this budget level will permit us to expeditiously carry out our statutory mandate as set forth in the Federal Mine Safety and Health Amendments Act of 1977 which is to provide administrative trial and appellate review of the Department of Labor's Mine Safety and Health enforcement program.

The Federal Mine Safety and Health Review Commission exists to objectively and neutrally adjudicate legal disputes arising under the Mine Act among or between mine operators, the Department of Labor, and miners.

The five-member Commission provides administrative appellate review. Its functions include reviewing all administrative law judge decisions, ruling on Petitions for Discretionary Review, directing review sua sponte for cases that may be contrary to law or policy or that may present novel questions of policy, and issuing decisions that affirm, modify or vacate decisions directed for review. If not considered for formal review, an administrative law judge's decision becomes a final non-precedential order of the Commission. Appeals from final decisions of the Commission are to the U. S. Courts of Appeals.

In the activity of administrative law judge determinations during fiscal year 1985, 1,490 new cases were received and 1,417 cases were decided. Of these, 539 were disposed of prior to hearing by settlement approved by the administrative law judges, 679 were disposed of on motion or by stipulated record, and 299 were fully tried prior to decision. At the close of the year the pending caseload before the judges was 1,247.

In fiscal year 1986 we anticipate the number of administrative law judge cases to increase to 1,691 and expect dispositions to increase to 1,583, leaving a case inventory of 1,355 at the end of the year.

Based on current estimates of mine inspections by the Mine Safety and Health Administration to be conducted in 1987, we expect to receive 1,824 new cases. Dispositions are expected to total 1,703, leaving a case inventory at the end of FY 1987 of 1,476.

There are currently two administrative law judge positions vacant for which recruitment has been initiated. We anticipate that one vacancy will be filled within the next several months and the other position filled by the end of the fiscal year.

We are requesting an increase of $87,000 to fund these positions and related staff support on a full year basis in fiscal year 1987.

In Commission review activity we are requesting an increase of $181,000. I am pleased to report to you that the Commission is once again fully staffed with five Commission members. There are, however, a number of support positions that are in various stages of recruitment. It is anticipated that all of these vacancies will be filled by the end of this fiscal year and the $181,000 requested increase will be needed to fund full staffing in FY 1987.

The Commission is anticipating an increase of new cases and full support staffing is necessary if cases are to be decided in a timely manner. Based on the 28 new cases received as of February 21, it is anticipated that a total of 65 new cases will be received during fiscal year 1986 - 23 more than were received in FY 1985. For fiscal year 1987, a total of 70 new cases is anticipated.

It is estimated that by end of fiscal year 1987 there will be 23 cases unresolved compared with 43 unresolved cases at the end of fiscal year 1984.

Oral arguments continue to be an important part of the Commission's decision process. As issues become more complex and new areas of law explored, it is important that parties involved have an opportunity to present their case and to respond face-to-face to questions. Since FY 1984, oral argument cases have almost doubled each fiscal year and are currently averaging one per month.

In summary, we see an increasing workload for both the administrative law judges and the Commission. The 1987 budget request will assure full funding of all Commission positions and will allow us to continue our efforts to provide timely, efficient and neutral adjudication of disputes under the Mine Act.

Thank you for the opportunity to present this statement. I would be pleased to respond to questions from you and members of the Committee.

Mr. NATCHER. You were the Under Secretary of Labor for about two years, and Assistant Secretary for Mine Safety and Health before that. How long have you served in your present position?

Mr. FORD. Sir, I have been there since December of last year.

TERMS OF MEMBERS

Mr. NATCHER. Does the Commission currently have a full complement of five Commissioners?

Mr. FORD. It does.

Mr. NATCHER. For the record, if you will, please, provide the expiration date of each member's term.

Mr. FORD. I can do that right at the moment, if you wish.

Mr. NATCHER. Just put it in the record.

[The information follows:]

The expiration date of each member's term is as follows:

Ford B. Ford, Chairman, 8/30/90.
Richard V. Backley, Commissioner, 8/30/88.
Joyce A. Doyle, Commissioner, 8/30/86.
James A. Lastowaka, Commissioner, 8/30/90.
L. Clair Nelson, Commissioner, 8/30/88.

Mr. NATCHER. Are any of the Commissioners presently serving under a recess appointment, or have they all been confirmed?

Mr. FORD. All are confirmed, sir.

COMMISSION OPERATION

Mr. NATCHER. In your opinion, is the Commission operating in an effective manner?

Mr. FORD. Yes, I am very pleased to say.

Mr. NATCHER. Do you plan to make any management or organizational changes during the new fiscal year?

Mr. FORD. I see no reason to do so.

EFFECT OF GRAMM-RUDMAN

Mr. NATCHER. How much money will the agency lose in 1986 as a result of Gramm-Rudman?

Mr. FORD. $146,000, 4.3 percent of our budget.

Mr. NATCHER. Will your employment level also decrease?

Mr. FORD. No, sir, it won't. Because we had unfilled positions at the beginning of the fiscal year, we will be able to accommodate the funding loss.

Mr. NATCHER. In making your reduction to take care of the Gramm-Rudman sequestration amount, where will you have to cut?

Mr. FORD. We took it proportionately from Administrative Law Judge determinations in the amount of $46,000, and $118,000 from the Commission Review level.

Basically, the reduction is across the board in personnel and related available positions that are unfilled therefore, we were able to accommodate the reduction without any reduction in productivity.

Mr. NATCHER. Is your Gramm-Rudman reduction restored in your 1987 budget?

Mr. FORD. We have requested full funding, yes, sir.

Mr. **Natcher**. Your 1987 request is $3,919,000, an increase of $268,000 and six full-time employees over the revised 1986 level. Is this budget fully adequate for the agency?

Mr. **Ford**. Yes, sir.

WORKLOAD

Mr. **Natcher**. Do you expect your workload to increase in 1987? If so, about how much would you say?

Mr. **Ford**. We anticipate an increase in 1987 of about 10 percent.

PENDING CASES

Mr. Natcher.

How many cases are currently pending somewhere in your agency?

Mr. **Ford**. Currently pending are 1274.

COMMISSION REVIEW PERIOD

Mr. **Natcher**. On the average, how long does it take a case to go all the way through the Commission review?

Mr. **Ford**. Of all cases before the ALJs, from the time they are assigned until disposition by an Administrative Law Judge, 60 percent are completed under six months.

SIGNIFICANT CASES

Mr. **Natcher**. For the record, if you will, provide a summary listing of what you consider to be the Commission's most significant decisions in fiscal year 1985.

[The information follows:]

In fiscal year 1985, I believe the following decisions were significant:

1. *Secretary/Logan* v. *Bright Coal Co.*, issued 11/8/84; increased protection of informant's privilege in Mine Act litigation.
2. *SOCCO*, issued 4/29/85: notices to safeguard must be drawn specifically and construed narrowly.
3. *Secretary of Labor on behalf of Phillip Cameron* v. *Consolidation Coal Company*, issued March 85: The Commission recognized a miner's right to refuse to work where his work performance would place another miner's safety at risk.
4. The *Jim Walters* and *Peabody* training cases, issued 9/30/85: operators may require laid-off miners to obtain training as a precondition to recall.
5. *Carbon County Coal*, issued 9/30/85: Secretary cannot use ventilation plan process to impose nationwide requirements that should be promulgated as standards.

ORAL ARGUMENT

Mr. **Natcher**. The justifications on page 9 state that oral argument cases have almost doubled each year since 1984. How do you account for that, Mr. Ford?

Mr. **Ford**. I think that there is great interest in the individuals being able to make their own case before the Commission.

I emphasize the important parts and the issues are becoming more complex, and because of that, there seems to be a desire to plead before the Commission—getting their day in court so to speak—and I presume word of mouth gets around that says we are available, which we are.

HEALTH CASES

Mr. **Natcher**. Are you starting to see more difficult health cases?

Mr. **Ford**. Yes, sir, we see this in interpretations.

EMPLOYMENT LEVEL

Mr. **Natcher**. What is your current employment level?

Mr. **Ford**. Current employment level is 52.

Mr. **Natcher**. How many attorney positions does the agency have at this time?

Mr. **Ford**. We have thirteen attorney positions including a special counsel for each Commissioner. However, four of the thirteen positions are currently vacant and we anticipate filling them shortly.

Mr. **Natcher**. How many Administrative Law Judges are presently on board?

Mr. **Ford**. 10, including the Chief Judge.

STAFF TURNOVER

Mr. **Natcher**. How much staff turnover does the agency have?

Mr. **Ford**. Not dramatic at all. Normal attrition.

Mr. **Natcher**. What is average GS grade and salary in the agency for 1986 and 1987?

You can put that in the record, sir.

[The information follows:]

The average GS grade and salary in 1986 was 11.0 and the average salary was $37,900. In 1987 the average grade will be 11.0 and the average salary $38,200.

OFFICE SPACE

Mr. **Natcher**. How much total office space does the agency occupy?

Mr. **Backley**. I will submit that for the record. We have reduced some space in Denver and Falls Church, and we are presently negotiating, with GSA on the Washington office space.

Mr. **Natcher**. Put that in the record for us.

[The information follows:]

We currently occupy 22,455 square feet of office space agency-wide. Broken down by office, total square footage is: Washington, D.C.—12,940; Falls Church, Virginia—6,015 and Denver, Colorado—3,500.

GSA

Mr. **Natcher**. What are your estimated GSA rental bills for 1986 and 1987? What are you estimating it to be?

Mr. **Ford**. $388,000 for 1986.

Mr. **Natcher**. What about 1987?

Mr. **Ford**. $384,000, a reduction of $4,000.

Mr. **Natcher**. All right. Do you get good service from the General Services Administration, or do you have problems?

Mr. **Ford**. I have moved from several Departments, so I have not had experience with GSA in the Commission very long.

We just changed from the General Services Administration to the Department of Agriculture for personnel and payroll services, and we are getting excellent service from them.

EQUIPMENT

Mr. **Natcher**. Why do you need a $25,000 increase for equipment?

Mr. **Ford**. The $25,000 is there to replace some of the furniture that was inherited from the Indian Claims Commission years and years ago, but we will effect whatever savings we can.

OTHER SERVICES

Mr. **Natcher**. Provide a breakdown of your request for $216,000 for other services, provide that for the record.

[The information follows:]

A breakdown of the $216,000 for other services is as follows:

Reporting services	$114,400
Repairs and maintenance	5,300
Space alterations	2,000
Payments to other agencies	35,000
Training	7,000
Systems and programming	15,000
Data processing services	3,000
Investigating agency personnel	2,000
Index contract	28,000
Miscellaneous	4,500

LAPSED FUNDS

Mr. **Natcher**. We note in 1985 you lapsed $499,000 and returned it to the Treasury, about 13 percent of the budget. How were you able to do that?

Mr. **Ford**. May I defer to former Acting Chairman Backley?

Mr. **Backley**. At that time, we were operating with a three person Commission, Mr. Chairman, and we had many unfilled slots such as three Commissioners, support staff and ALJs. That is how the savings came about—salaries mostly.

Mr. **Natcher**. Any chance of lapsing any amount in 1986?

Mr. **Ford**. We will make efforts for economies, and I have no doubt but what there will be some reversion.

MSHA

Mr. **Natcher**. Mr. Conte, I yield to you.

Mr. **Conte**. Mr. Ford, it is a real pleasure to see you here before the Subcommittee again. Last time we saw you, you were sitting in for the new Secretary of Labor, who was waiting to be confirmed. You did an outstanding job at the Labor Department, as I am sure you are doing now at the Commission.

I am also pleased to see that the Commission now has its full complement of Commissioners. It is a very distinguished group.

Mr. Ford, as you know, we had the Mine Safety and Health Administration up before the Committee a while back, and there seemed to be a real problem with them not conducting the mandatory number of inspections. How dependent is your caseload on the number of inspections conducted at the Labor Department?

Mr. **Ford**. It is influenced by not only the numbers, but the types of inspections, and generally, mandatory inspections will produce more citations per inspection.

CASELOAD

Mr. **Conte**. Is most of the caseload increase you are projecting for 1987 coming in the coal or non-coal area?

Mr. **Ford**. The coal and the non-coal areas generally stay around the same percentage—75 to 25 percent—in that neighborhood.

COMPLEX CASES

Mr. **Conte**. Are the cases you are getting more complex and difficult to settle than ones in the past?

Mr. **Ford**. Yes, sir.

APPEALS PROCESS

Mr. **Conte**. How often are the cases brought to the Commission done so through appeals by the Department of Labor, and how does that compare to the number brought by miners and their organizations?

Mr. **Ford**. I can give you the exact ratios for the record. I know the majority of the penalty cases are initiated by the Secretary of Labor, and a considerably smaller number from operators.

[The information follows:]

CASE WORKLOAD BY FILERS, YEAR TO DATE MARCH 31, 1986

	Pending beg. of period	New filings	Disposed of	Pending end of period
Cases filed by:				
Secretary of Labor	985	506	547	944
Mine operators	212	227	163	276
Miners	37	36	22	51
Miner representatives	12	5	10	7
Other	1	1	2	....
Total	1,247	775	744	1,278

Mr. **Conte**. Mr. Ford, can you describe for us the route of a claim made under the Mine Safety and Health Act if that claim were to be continually appealed? Who would handle the original claim? How does it reach the Commission? And who would make the absolute final decision on that claim?

Mr. **Ford**. On a compensation claim or just an appeal of a citation?

Mr. **Conte**. Appeal of a citation.

Mr. **Ford**. As a result of an MSHA inspection an operator may be cited for a health or safety violation. Assuming that a citation has been issued, the operator is notified by MSHA that additional information regarding the violation may be submitted and that the operator may request a conference with MSHA District Manager. If, after the conference, MSHA continues to find that a violation occurred, the Department of Labor's Office of Assessments, prepares and serves upon the operator a notice of proposed penalty.

The operator has the option of paying the penalty within 30 days or notifying MSHA that a hearing before the Federal Mine Safety and Health Review Commission is desired.

Assuming that the operator has opted to contest the proposed penalty, the Secretary of Labor is obligated to file a "proposal for a penalty" with the Commission.

After the issues are joined, the matter is assigned to an administrative law judge who ultimately presides over an evidentiary hearing and issues a decisiion.

After the judge's decision has been issued, any aggrieved party has the right to file a petition for discretionary review with the Commission. Upon evaluation of the entire case record and the petition, the Commission determines whether or not to grant review. If any two Commissioners determine that the case should be reviewed, the petition is granted and the case is reviewed in its entirety by the full Commission.

Upon the Commission's issuance of a decision, any aggrieved party has the right to seek review in the appropriate U.S. Courts of Appeals. Thereafter, the final appeal would be to the Supreme Court of the United States.

Mr. CONTE. That could take several years, the whole process?

Mr. FORD. It could. We do make an effort for expedited treatment, at least within our jurisdiction.

Mr. CONTE. About how long would you say the claim is within your jurisdiction?

Mr. FORD. It depends on a number of factors. Generally this year from the time the Commission receives an appeal to its disposition, has taken 271 days. Normally, about 80 of these days are consumed in gathering briefs, granting additional time requests, etc. before a case is ready to be assigned to an Administrative Law Judge for hearing. This year, about 60 percent of all cases are completed within six months of assignment.

SLUC

Mr. CONTE. I have been looking at the rent or SLUC charges of each of the agencies coming up here. Every one of them has been seeking an increase for 1987, except you.

Maybe the answer is because you are housed in the Department of Agriculture.

Mr. FORD. No, the space responsibility is still with the General Services Administration, and as Commissioner Backley was saying, he has been negotiating with the General Services Administration for some time, and we anticipate we can take a reduction. Space has been returned in our Falls Church and Denver offices.

TRAVEL

Mr. CONTE. Oh, that is the reason, then. Does the Commission travel?

Mr. FORD. Primarily, the Administrative Law Judges by policy are to travel as close to the sites as possible so the miners and mine operators will suffer the least amount of inconvenience.

Mr. CONTE. Do you feel you have enough in the 1987 budget to meet that demand?

Mr. FORD. Yes, sir.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. NATCHER. Mr. Ford, we want to thank you and your associates for appearing before our committee at this time on behalf of your budget request for fiscal year 1987. It has been a good hearing. We appreciate it.

Mr. FORD. It is always a pleasure to appear before you.

Mr. NATCHER. Thank you.

[The information follows:]

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

JUSTIFICATION OF APPROPRIATION ESTIMATES
FOR COMMITTEE ON APPROPRIATIONS

FISCAL YEAR - 1987

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

SALARIES AND EXPENSES

FY 1987 Budget

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FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

For expenses necessary for the Federal Mine Safety and Health Review Commission (30 U.S.C. 801 et. seq.), [$3,815,000] $3,919,000. (Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1985.)

Explanation of Language

Section 113 of the Federal Mine Safety and Health Amendments Act of 1977 established the Federal Mine Safety and Health Review Commission as an independent Agency. Section 114 of the Act authorized to be appropriated, out of monies in the U.S. Treasury not otherwise appropriated, such sums as may-be necessary to carry out the provisions of the above-mentioned Act. The above appropriation language proposal is intended to carry out these provisions.

AMOUNTS AVAILABLE FOR OBLIGATION

	1985		1986		GRH* 1986		1987	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Appropriation or estimate	52	3,837,000	62	3,815,000	56	3,651,000	62	3,919,000
Total, Budget Authority/ Amounts Available for Obligation	52	3,837,000	62	3,815,000	56	3,651,000	62	3,919,000

*Gramm-Rudman-Hollings
P.L. 99-177

SUMMARY OF CHANGES

1986 Estimated Obligations/GRH	$3,651,000
1987 Estimated Obligations	$3,919,000
Change	+ $268,000

	1986 GRH Amount	Change from GRH Amount	
	$3,651,000	+ $ 268,000	
Increases:			
Personnel	2,415,000	+ 207,000	
Benefits	292,000	+ 58,000	
Travel	80,000	+ 4,000	
Transportation	2,000	+ 4,000	
Equipment	10,000	+ 25,000	
TOTAL INCREASES			$298,000
Decreases:			
SLUC	388,000	- 4,000	
Communications	154,000	- 10,000	
Other Services	230,000	- 14,000	
Supplies	50,000	- 2,000	
TOTAL DECREASES			$ 30,000
CHANGE			$268,000

OBLIGATIONS BY ACTIVITY

	1986 GRH		1987		Increase or Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount
Commission Review	33	2,095,000	37	2,276,000	+4	+ 181,000
Administrative Law Judge Determinations	23	1,556,000	25	1,643,000	+2	+ 87,000
Total Obligations	56	3,651,000	62	3,919,000	+6	+ 268,000

OBLIGATIONS BY OBJECT

	1986	1986 GRH Estimate	1987 Estimate	Increase or Decrease
Total number of permanent positions authorized	62	62	62	--
Positions other than permanent	--	--	--	--
Average number of all employees	62	56	62	+ 6
Personnel Compensation:				
Permanent Positions	2,561	2,405	2,619	+ 214
Positions Other Than Permanent	--	--	--	--
Other Compensation	--	--	3	+ 3
Subtotal, Personnel Compensation	2,561	2,405	2,622	+ 217
Personnel Benefits	307	299	345	+ 46
Benefits for Former Personnel	3	3	5	+ 2
Travel and Transportation of Persons	80	80	84	+ 4
Transportation of Things	2	2	6	+ 4
Communications & Utilities	154	154	144	- 10
Standard Level User Charge	388	388	384	- 4
Printing and Reproduction	30	30	30	--
Other Services	230	230	216	- 14
Supplies and Materials	50	50	48	- 2
Equipment	10	10	35	+ 25
Total, Obligations by Object	3,815	3,651	3,919	+ 268

AUTHORIZING LEGISLATION

Legislation	1986 Amount Authorized	1986 GRH*	1987 Budget Request
Federal Mine Safety and Health Amendments Act of 1977, approved November 9, 1977	3,815,000	3,651,000	3,919,000

* P.L. 99-177

JUSTIFICATION

	1986 GRH Estimate		1987 Estimate		Increase or Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount
Commission Review	33	2,095,000	37	2,276,000	+4	+ 181,000
Administrative Law Judge Determination	23	1,556,000	25	1,643,000	+2	+ 87,000
Total obligations	56	3,651,000	62	3,919,000	+6	+ 268,000

General Statement

The Federal Mine Safety and Health Review Commission was established as a fully independent agency by Section 113(a) of the Federal Mine Safety and Health Amendments Act of 1977. It is not part of the Department of Labor or the Mine Safety and Health Administration.

The Commission is charged with the responsibility of reviewing the enforcement activities of the Secretary of Labor and protecting miners against unlawful discrimination. The Commission operates through its Administrative Law Judges to hear and decide cases at the trial level as initiated under the Mine Act by the Secretary of Labor, mine operators, miners, and miners' representatives.

The five-member Commission sits to hear appeals from Administrative Law Judge decisions. The Commission may review these decisions by granting a Petition for Discretionary Review from one or more of the parties or by directing review *sua sponte*.

COMMISSION REVIEW

	1985 Actual		1986 GRH Estimate		1987 Estimate		Increase	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Commissioners and staff	28	1,822,000	33	2,095,000	37	2,276,000	+4	+ 181,000
Total Obligations	28	1,822,000	33	2,095,000	37	2,276,000	+4	+ 181,000

Introduction

The responsibility for the review of Administrative Law Judges' decisions is defined in Section 113(d)(1) of the Act. The Act states that an Administrative Law Judge's decision shall become final 40 days after its issuance, unless within that period two of the Commissioners direct that the decision be reviewed.

Most cases come before the Commission when two or more Commissioners vote to grant a Petition for Discretionary Review filed by a person adversely affected or aggrieved by the Administrative Law Judge's decision. Petitioners may include miners (with or without legal representation), miners' representatives, mine operators and the Secretary of Labor. Two Commissioners may also direct any case for review sua sponte (on their own motion, without the parties filing any petition). Sua sponte review is limited to determining whether an Administrative Law Judge's decision is contrary to law or Commission policy, or deciding a novel question of policy which the case presents.

1987 Budget Policy

At the review level, the Commission is requesting an increase of $181,000 for fiscal year 1987. During fiscal year 1985 and early fiscal year 1986, the Commission operated without a full Commission of five members, but with a legal quorum - three members. Since late December all Commission member positions have been filled and support staffing, within the Gramm-Rudman-Hollings budget levels, has begun. It is anticipated that all Commission support positions will be filled by the end of fiscal year 1986 and a funding increase of $181,000 will be needed to fund staffing on a full year basis in FY 1987.

The Commission is anticipating an increase of new cases and full support staffing is necessary if cases are to be decided in a timely manner. Based on the 28 new cases received as of February 21, 1986, it is anticipated that a total of 65 new cases will be received during fiscal year 1986 -- 23 more than were received in FY 1985. For fiscal year 1987, a total of 70 new cases is anticipated.

As in the past, petitions for discretionary review represent the majority of the Commission's new case workload. Fifty percent of petitions for discretionary review in 1986 and 1987 are expected to be heard by the Commission, the same percentage as fiscal year 1985.

Oral arguments continue to be an important part of the Commission's decision process. As issues become more complex and new areas of law explored it is important that the parties involved have an opportunity to present their case and to respond face to face to questions asked. Since FY 1984, oral argument cases have almost doubled each fiscal year and are currently averaging one per month.

ADMINISTRATIVE LAW JUDGE DETERMINATIONS

	1985 Actual		1986 GRH Estimate		1987 Estimate		Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Administrative Law Judge Determinations	24	1,516,000	23	1,556,000	25	1,643,000	+2	+ $87,000
Total Obligations	24	1,516,000	23	1,556,000	25	1,643,000	+2	+ $87,000

Introduction

The Commission employs a corps of Administrative Law Judges to hear and decide contested cases at the trial level, as initiated by the Secretary of Labor, mine operators, and miners or their representatives. The judges are also responsible for evaluating and approving or denying settlement agreements under the Mine Act.

The Agency maintains two offices of Administrative Law Judges, one in Falls Church, Virginia, and one in Denver, Colorado. Administrative Law Judges travel from these offices to hearing sites located at or near the mine involved in order to afford miners and their representatives the full opportunity to participate.

1987 Budget Policy

At the Administrative Law Judge level, the Commission is requesting an increase of $87,000 to fund an additional two FTE - an administrative Law Judge and clerical support. As a result of anticipated increased workload it is essential that all Administrative Law Judge and support staff positions be filled.

At the beginning of fiscal year 1985, there were 1,274 cases pending in the Office of Administrative Law Judges. During the year, the office received 1,490 new cases and disposed of 1,517.

In fiscal year 1986, 1,691 new cases are anticipated and case dispositions are expected to increase to 1,583.

A total of 1,824 new cases are anticipated for fiscal year 1987. With full staffing anticipated in this activity dispositions are projected to total 1,703 for the year, leaving an inventory of 1,476 cases.

SELECTED WORKLOAD DATA

	1985 Actual	1986 Estimate	1987 Estimate
Administrative Law Judge Determinations			
Cases pending beginning of year........	1,274	1,247	1,355
New cases received......................	1,490	1,691	1,824
Case Dispositions.......................	1,517	1,583	1,703
Commission Review Activities			
Cases Pending beginning of year.........	43	27	23
New Cases:			
• Petitions for Discretionary Review	40	51	60
• Reconsiderations	0	3	3
• Sua Sponte......................	1	3	2
• Remands.........................	0	3	3
• Other...........................	2	5	2
Total New Cases.........................	43	65	70
Total Case Workload.....................	86	92	93
Dispositions:			
• Petitions for Discretionary Review	20	27	30
• Substantive case dispositions...	39	42	46
Total Dispositions	59	69	76

DETAIL OF PERMANENT POSITIONS

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

	1985 Actual	1986 Estimate	1987 Estimate
Executive Level III	1	1	1
Executive Level IV	2	4	4
Subtotal	3	5	5
ES-2	-	2	2
Subtotal	-	2	2
GS-17	1	1	1
GS-16	10	11	11
GS-15	4	6	6
GS-14	2	2	2
GS-13	3	4	4
GS-12	-	2	2
GS-11	3	1	1
GS-10	1	1	1
GS-09	3	7	7
GS-08	3	3	3
GS-07	10	12	12
GS-06	2	2	4
GS-04	1	1	2
GS-03	1	-	-
Subtotal	44	55	55
Total permanent positions	62	62	62
Unfilled positions end of year	15	--	--
Total permanent employment end of year	47	62	62

MONDAY, APRIL 21, 1986.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

WITNESSES

ELINOR M. HASHIM, CHAIRMAN

BESSIE B. MOORE, VICE CHAIRMAN

TONI CARBO BEARMAN, EXECUTIVE DIRECTOR

MARY ALICE HEDGE RESZETAR, ASSOCIATE DIRECTOR

DIANE Y. RAFFERTY, RESEARCH ASSOCIATE

Mr. NATCHER. We take up the next agency, the National Commission on Libraries and Information Science. We have before the committee Miss Elinor M. Hashim, Chairman, National Commission on Libraries and Information Science.

Tell us who you have with you at the table there.

Ms. HASHIM. On my left is Dr. Bessie Moore; and on my right, Toni Carbo Bearman, our Executive Director.

Mr. NATCHER. We are delighted to have all three of you before the committee at this time. We have a letter from Bill Alexander from Arkansas. He had intended to be here, because he wanted to present Dr. Moore especially, and the other members to the committee, but he is unavoidably detained on another matter.

Go right ahead.

Ms. HASHIM. You have my full statement for the record, but I would like to condense it for this afternoon, if I may.

I am grateful for the opportunity of appearing before you today to discuss the programs of the United States National Commission on Libraries and Information Science for 1987.

CONGRESSIONAL SUPPORT

On behalf of the Commission, I would like to thank you for your support over the years. It is because of that support that we have been able to continue our important work, which has had national impact on the provision of library and information services for our citizens.

We hope that because of our testimony today, we will merit your continued support. We are a very small agency by Federal standards, but we are the only presence for libraries at the Federal level advising both the Congress and the President.

We are the only ones who can coordinate activities at the Federal, State and local levels, to meet the national library information needs of our citizens.

LIBRARY OF CONGRESS FUNDING

We are concerned about the needs as well of all types of libraries, as they attempt to achieve their goals of service. The plight of the Library of Congress, for example, affects the many libraries across the country that depend on the Library of Congress for services.

It is as Dr. Boorstin has stated, the Nation's Library and what happens to it, as an institution, is important to us all.

I would like to give you some brief statistical information, because I think it will help you to understand what we think is the importance of our work, and the fact that our work reaches so many people.

ILLITERACY STATISTICS

One in five Americans, approximately 27,000,000, is illiterate; that is, reads below the fourth-grade level. It has been said in addition, there are approximately 45,000,000 people who can read to some degree, but well below high school level.

Estimates of the total cost of illiteracy in the form of job incompetence, welfare payments, crime, lost taxes, remedial education and unrealized earnings, are in the range of $200,000,000,000 annually.

AGING STATISTICS

Persons aged 65 and older comprise the fastest-growing segment of our population today. This rise is expected to continue into the early decades of the 21st century, when the baby boom generation reaches age 65.

In addition, Americans are living longer, and while the average life expectancy for men is now almost 70, and for women, 77.5; these numbers are expected to rise to the mid-80s by the latter part of the century.

RURAL STATISTICS

1980 Census of population showed a huge migration of people from metropolitan—to non-metropolitan areas, and it is now estimated from 30 to 40 percent of our citizens live in rural communities.

LIBRARY FUNDING STATISTICS

There are a total of 103,774 libraries in the United States, and public libraries in this country receive 79.2 percent of their funding from local government, 7.7 from the State, 3.7 from the Federal Government, and 9.3 percent from other sources.

It is estimated that State and local governments spent a little more than $2,000,000,000, or only four-tenths of 1 percent of their total expenditures on public libraries in fiscal year 1983.

ILLITERACY CONCERNS

The National Commission on Libraries and Information Science has long been concerned that illiteracy presents a major barrier to an individual's access to information. While many other groups are also concerned about literacy, the problem is so great, as I mentioned earlier, that all efforts are important.

LITERACY PROGRAMS

Two exciting developments have taken place this year in the literacy area: One is the funding of the new Title VI of the reauthorized Library Services and Construction Act, which will enable the involvement of more State and public libraries in literacy programs; and the other is the new memorandum of understanding we signed recently with ACTION.

ACTION NCLIS JOINT EFFORTS

This is part of our continuing interest in seeing that older Americans are better served by libraries. Our program for the aging will be discussed in more detail by our Vice Chairman, but I wanted to mention the memorandum of understanding with ACTION, because as you know, ACTION is an organization for volunteers, and our older citizens can be used very productively in libraries as volunteers in the literacy efforts taking place in libraries all across the country.

Our older citizens are a great untapped resource in this country, and it is our hope that using them in library literacy efforts will be just the beginning of using their talents in many other areas.

ADMINISTRATION ON AGING NCLIS JOINT EFFORTS

As Dr. Moore will tell you, our memorandum of understanding with the Administration on Aging, Department of Health and Human Services, has been tremendously successful as an example of cooperation between two Federal agencies.

RURAL LIBRARY PROGRAM

One of our more successful initiatives has been the National Rural Library and Information Services Development Program, NRLISDP. It has been on the Commission's agenda for the past five years, and has only recently been removed as a priority program because we believe that the objectives we set for ourselves when we launched the program have been met.

Because of this program, the information needs of rural communities will be better met in the years to come than they have been in the past.

Our national rural program has either started or supported several innovative projects to strengthen rural library and information services. Outstanding among there is the Intermountain Community Library and Information Services project, ICLIS, a pilot program for improving the delivery of information services to rural Americans in four western States.

Recently, the W. K. Kellogg Foundation awarded a $4,100,000 series of grants to four universities: Utah State University, Colorado State University, Montana State University and the University of Wyoming; to help provide better lifelong education opportunities for residents of rural communities and to establish contemporary information centers.

Eight community libraries, two per State, have been selected to become the learning and information centers in their respective communities. The four State libraries and the land grant universities and their extension services have formed a partnership cooperating with the community libraries in the ICLIS project.

From the public library community's viewpoint, ICLIS is also a unique and magnificent opportunity for rural libraries. The project will demonstrate that rural libraries can become extensions of universities and make major contributions to education in rural areas.

In addition, the ICLIS program also plans to show that with the proper resources, these libraries can become the information centers for small local governments, institutions, businesses and individual citizens.

The Commission supported the pilot project, and endorsed the program to the W.K. Kellogg Foundation. We have been told by the project director that our support and endorsement were essential to the grant proposal. We are indeed proud of the results.

1989 WHITE HOUSE CONFERENCE ON LIBRARY AND INFORMATION SERVICES

As you know, legislation is pending in Congress authorizing a 1989 White House Conference on Libraries and Information Services.

WHITE HOUSE CONFERENCE PRELIMINARY DESIGN GROUP

In response to S.J. Res. 112, introduced by Senator Pell, and H.J. Res. 244, introduced by Congressman Ford of Michigan, the National Commission on Libraries and Information Science appointed a White House Conference Preliminary Design Group, composed of members from the State, local and Federal levels.

The representatives were chosen from the Chief Officers of the State Library Agencies, COSLA, the White House Conference on Libraries and Information Services Task Force, WHCLIST, and NCLIS. They were given four specific charges:

One, make recommendations on the kinds of appointments which should be made by the President, Senate, House and NCLIS to the 30-member National Advisory Committee (National Conference Committee), taking into consideration mincrity representation and geographic distribution.

Two, prepare a preliminary design which will recommend the scope and focus of the conference.

Three, frame the different alternatives for financing the conference; and, four, initiate planning for the schedule of events leading to the conference.

The report, unanimously endorsed by NCLIS at our December 1985 meeting, proposes three overarching themes for a 1989 national conference:

Library and information services for productivity, library and information services for literacy, and library and information services for democracy. These themes are areas of concern not only for us as a National Commission, but for all Americans.

It has been documented that the 1979 White House Conference resulted in greater funding for libraries on the State and local levels, and also resulted in the proliferation of Friends of the Library groups around the country.

It seems particularly likely now with the financial crisis facing our Federal Government, that any increased support for libraries will have to come from State and local governments.

With increasing pressure for funding from many other groups on the State and local levels, it is imperative, if libraries are to survive the great competition for funds, that they have the visibility and grass roots support to gain their share of funding.

NCLIS FOUR MAJOR PROGRAM AREAS

For fiscal year 1987, the Commission proposes to concentrate its efforts in four major program areas. Our major thrusts will be to, one, promote information-finding skills; two, strengthen library and information services for governance; three, improve the productivity of knowledge workers; and, four, improve the dissemination of government information.

In conclusion, let me state that we are acutely aware of the financial constraints facing our government, and are committed to assisting in finding solutions. We do believe, however, that we are among the most cost-effective of government agencies, and that the benefits of our work reach all Americans.

FY 1986 BUDGET REQUEST

Our budget for fiscal year 1986 is the same as our budget for fiscal year 1979. It is true that we have had some increases over the years, but we have managed with a relatively stable budget and increased costs, by using the services of experts in the field and calling on the private sector for assistance.

Our work is not duplicated by any other agency, and we are convinced that much of what has been accomplished in the past for the improvement of library and information services would not have happened without us.

We look forward to continuing to be of service so that all Americans can benefit from equal opportunity of access to information.

Thank you for the opportunity of appearing before you today.

Mr. NATCHER. Now, Dr. Moore, we will be pleased to hear from you.

Ms. MOORE. Mr. Chairman, I am honored to be here to testify before your committee today. As the only Commissioner who has been reappointed continuously to NCLIS since 1970, I serve as the corporate memory of our small permanent and independent agency. I am also that Commissioner required by our authorizing legislation who "shall be knowledgeable with respect to the library and information service and science needs of the elderly." Providing for the specialized information needs of older Americans is an example of the interest the Congress exhibited in the aging when it amended P.L. 91-345 in May of 1973 to include "the elderly along with other special populations." Today we older people are the fastest growing segment of the U.S. population, and our need to know is increasing even faster than our numbers. The legislation that established NCLIS also anticipated the revolutionary improvements in information technology that have affected our society so greatly in the last 15 years. Congress did such a good job with this law that I think we would probably write it the same way today with only minor changes.

The 15th anniversary of NCLIS is a good time to remember the accomplishments of the past. In my role as corporate memory I put together a list of things we have accomplished since our first meeting to show how we have complied with our mandate in P.L. 91-345. This list is a part of my statement for the official record.

A man I met recently at a dinner party asked me, "What does a little agency with such a long name DO?" It seems to me that in our fifteen years of existence we have done an amazing amount for library and information services in this country. You might say that we have been like yeast to good bread—yeast because we serve as a catalyst to make things happen, and bread because information is now one of the most essential resources of our society and our economy.

The Commission has not only met its mandate; it has done so with creativity and vigor. We have always been alert to what we call "targets of opportunity." One of these occurred ten years ago when then Vice President Nelson Rockefeller led an important study of the Domestic Council Committee on the Right of Privacy. It was entitled "National Information Policy" and it discussed the needs, issues, and concepts in this area so comprehensively that it is still completely valid today. The Council was unable to publish the report because of budgetary constraints; however, since NCLIS had put on a two-day forum on the subject in cooperation with the Domestic Council, and since the Commission had responsibility for advising on information policy, the Domestic Council asked us to publish the report. *National Information Policy* has been in demand ever since and has contributed greatly to an area of increased emphasis and importance.

As the Domestic Council realized, information has enormous potential for making our economy more productive. The Commission understands this contribution of information to national productivity and is working with many other agencies and groups to apply this knowledge. From the very beginning we have also sought to understand the human dimension—how ready access to the right information can make *people* more productive in their lives and work. For fifteen years the Commission has gone out and listened to citizens describe their needs for library and information services. Throughout this time we have also been working with Congress, the Executive Branch, State and local governments, associations, and the private sector to devise and implement ways to meet this spectrum of needs. We have made great strides in some areas, but our work will not be finished until the sheepherder in Montana has the same access to information as the person who lives two blocks from the New York Public Library. That is what the Commission does.

But that is not quite how I answered the question posed by the man at the dinner party. I gave him some examples of how the Commission has made a difference—of things that simply would not have happened if there were no National Commission on Libraries and Information Science. One of these examples is in the area of library and information services to cultural minorities, which of course includes American Indians. Back in the late 1960s Indians came to a hearing held by the National Advisory Commission on Libraries, the Presidential advisory commission that preceded NCLIS (of which I was also a member), and told a sad story about the dearth of library services on or near their reservations. Later when the Commission held regional hearings in the mid-seventies, Indians came again, often travelling long distances to testify. NCLIS formed a special committee on services to Native Americans that visited reservations and saw firsthand the problems these Americans faced in gaining access to the information that could improve their lives. (I still have a vivid picture of the Acoma Tribe at their Pueblo in New Mexico.) We also heard the testimony of a Southwestern State Governor who told us, "the Indians fall between the cracks." We began working with the Bureau of Indian Affairs at the Department of the Interior where we helped develop a "Library, Media, Information Plan for Reservations." When NCLIS coordinated the massive process for the 1979 White House Conference on Library and Information Services, the Indian Nations were invited to hold their preconference in addition to the 56 other State and territorial preconferences. The national White House Conference carried forward the recommendation that services to Native Americans be improved through the Indian Omnibus Act. The Commission advised Congress to include services to Indians in the Library Services and Construction Act, and in 1984 this became a reality when the LSCA reauthorization was passed with a new Title IV authorizing funding directly to Indian tribes. The American Indian Library Association was also formed as a result of the White House Conference. The Indians have not forgotten us after all these years: recently when a HEA IIb contract was awarded to the University of Oklahoma to provide training and technical assistance to improve public library services for Native American Tribes, a member of the NCLIS staff was asked to serve on the advisory committee and to provide liaison with NCLIS.

A few years ago the Commission convened a high level task force to study library and information services to cultural minorities, and another on Community Information and Referral Services (CI&R) in libraries. Out of these came published reports that are definitely not sitting on a shelf gathering dust! The American Library Association and other groups are working hard to implement the practical recommendations in these reports. We have just received word from Adelphi University that they have successfully implemented the CI&R model the NCLIS Task Force on Community Information and Referral recommended in its report. The Adelphi program is also testing the use of senior citizen volunteers in library-based programs, and this is another area in which NCLIS is playing an important catalyst role.

Our work in the NCLIS aging prgram is dear to my heart. I know firsthand about the increased need for "coping information" as one gets older, and the difficulty of finding it. Doctors are now urging older people to take more responsibility for their own health; "young" retirees in their 50s and 60s are trying to adjust to sudden changes in their lifestyles and identities; families are facing the social effects of Alzheimer's and other diseases of aging; new housing arrangements are evolving to meet the needs of an independent older population. There are answers to these problems, and most of them can be found in the two agencies that exist in every county in America—the public library and the local office on aging. It would seem to be the most logical thing in the world for these two agencies to combine their efforts, but it took action initiated by NCLIS to bring them together. As a result of our work, NCLIS and the Administration on Aging in the Department of Health and Human Services have signed a Memorandum of Understanding (MOU) that commits them to work together at the Federal level and through their respective networks to improve services to the elderly. NCLIS and ADA representatives meet regularly to discuss progress and chart new cooperative programs.

In just a year's time several states have followed our lead with formal MOUs between state library agencies and state offices on aging, and programs are springing up everywhere to bring together local librarians, gerontologists and professionals in service to the aging. One of these was a workshop in my home state of Arkansas entitled "Librarians and Gerontologists: A new Coalition." Funded by a grant from the Administration on Aging, Department of Human Services, and the University of Arkansas, it brought together gerontologists, librarians, AARP and other association representatives, and professionals who serve the aging to learn from each other and from distinguished specialists about the problems of ageism, the physical, mental and emotional effects of aging, and ways in which libraries and other agencies can provide more effective services to the elderly. Just last week the Arkansas State Library and the State Office on Aging cosponsored another workshop for librarians, professionals in area offices on aging, and other groups and agencies concerned with aging and literacy. Jonathan Kozol, probably the foremost advocate of literacy in this country, was the keynote speaker. In addition, several LSCA grants have been announced recently in Arkasas, as well as in many other states, to bolster service to the aging. I am 83 years old and my state is third in the nation in percentage of people over age 65. Therefore, it is doubly rewarding for me to see that in Arkansas, the coalition is really working. The Commission has just signed a similar MOU with ACTION to promote the use of senior volunteers in libraries. This will benefit older people and use their talents in literacy programs and other areas.

Isolated rural residents and displaced farmers are another group of "information poor" citizens in our country. NCLIS has been working in partnership with the Department of Agriculture and the land grant universities for several years to study and address their needs. Our Chairman has just told you about our exciting progress in this area. It was the presence of NCLIS at the Federal level that helped focus national attention on rural library and information needs.

The National Commission is not only an important catalyst; it is a force for resolving conflict between major forces in the information world. I remember when NCLIS helped break a deadlock that cleared the path for some very important legislation. In 1976 Congress was trying to get the new Copyright Law passed—its first real overhaul since 1909. The publishers and the librarians were at loggerheads over the photocopying section of the proposed law. Publishers thought photocopying in libraries would ruin them; the librarians didn't agree. At a crucial point NCLIS came up with the suggestion for a five-year review of photocopying in libraries. This cooled down the controversy and became one of the provisions of the new law.

We have been very effective in bringing together representatives from the public and private sectors to discuss potentially divisive topics such as national information policy and the dissemination of Federal information. The Commission anticipated the current climate when it created a task force on Public/Private Sector Interaction in Providing Information Services back in 1979. This distinguished group's report has been widely commended as a valuable contribution to public sector-private sector cooperation. The Commission itself has pioneered in initiating public-private sector projects; for example, we teamed up with IBM in 1982 to study the impact of information technology, and with AT&T and others to create a highly successful information center at an international conference last year. We are currently enlisting the support of business leaders to help tomorrow's information professionals acquire the necessary skills to be fully effective in our information-based economy.

I don't think it's an overstatement to say that the 1979 White House Conference on Library and Information Services was one of the greatest grassroots gatherings in America history. It involved the time and talents of 100,000 people in 56 preconferences and a national conference. It resulted in 64 major resolutions and a dedicated nationwide network set up to implement them. This effort has been so successful that nearly 86 percent of the recommendations have been implemented or have seen significant progress toward implementation. Services to the Indians was just one example I could give you many others that have truly made a difference in people's lives.

We learned from our 1979 experience that a White House Conference can be an effective tool for developing public policy in response to the library and information needs of the people. Congress is now considering legislation that calls for NCLIS to conduct a second White House Conference in 1989. I have a dream that the 1989 conference could also make a practical contribution in the area of public policy on the aging. For example, the other day I looked in the Little Rock Yellow Pages and found 6½ pages of medical specialists. Out of all those, only one was listed as a specialist in Geriatrics. That says something about the need for an update of our social policy on medical care for the elderly. I was so astounded that I paid a visit to the Medical School at the University of Arkansas to find out why more doctors are not going into the field of Geriatrics at a time when the number of people 65 and over in America is greater than the total population of Canada. I learned that it was not until 1984 that a program in Geriatrics was even started at the University. I also learned that much more could be done if public policy supported this area—if, for example, there were incentive programs for residences in Geriatrics similar to the incentive programs for doctors to practice in rural areas.

What can libraries do about this? They can provide information to interested organizations and citizens, and encourage public discussion of local issues. Under its local governance program, NCLIS will encourage local libraries to become active—not passive—distributors of information on local, regional, and national issues to both the legislators and the people. We want local citizens and governments to think of the library as the Information Place for all their needs—personal, governmental, and societal.

"You really operate where the rubber hits the road." That was the conclusion of the man at the dinner party when he heard a few examples of what the Commission does. I think we are in the forefront of the new Federal Government—small and lean, but highly effective. Now, even more than in 1970, when the Commission was established, matters concerning library and information services require a national perspective. I believe in remembering and building on the accomplishments of the past, but my sights are set on the future of our agency. My continuing dream is of equal opportunity of access to information throughout our land.

Thank you, Mr. Chairman, for the opportunity to appear before you today.

[Additional information follows:]

APPENDIX I

U.S. NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

A History

NCLIS programs and accomplishments since 1971 are listed under the relevant section of our enabling Public Law, P.L. 91-345.

Note: The Public Law is underlined and in brackets.

[Public Law 91-345, signed July 20, 1970,
amended by Public Law 93-29, May 3,1973

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Commission on Libraries and Information Science Act."

Section 2. Statement of Policy

The Congress hereby affirms that library and information services adequate to meet the needs of the people of the United States are essential to achieve national goals and to utilize most effectively the Nation's educational resources and that the Federal Government will cooperate with State and local governments and public and private agencies in assuring optimum provision of such services.]

NCLIS Cooperation

NCLIS works with federal, state and local governments and agencies, libraries, citizens organizations and the private sector to improve library and information services for all citizens.

[Section 5. (a) The Commission shall have the primary responsibility for developing or recommending overall plans for, and advising the appropriate governments and agencies on, the policy set forth in section 2. In carrying out that responsibility, the Commission shall --

(1) advise the President and the Congress on the implementation of national policy by such statements, presentations, and reports as it deems appropriate;]

NCLIS has addressed this charge by working in the following fifteen areas:

Assistance to Congress

- At the request of the House of Representatives Science and Technology Committee, NCLIS provided expert advice on a bill calling for establishment of an Institute for Information Policy and Research. We also worked on other programs on the protection of intellectual property.

- NCLIS provided advice, at the request of the Senate Judiciary Committee, on a bill proposing a National Commission on the Lending of Authors' works which would compensate authors for the lending of their works by lending institutions.

- At the request of the House and Senate Committees on the Judiciary, NCLIS participated in a Congressional symposium on copyright and technology. One of the themes that emerged is how Congress can best position itself to maintain a balance between production and compensation in order to compensate for creative work and protect intellectual property as well as protect the public interest.

- NCLIS was consulted by Congressional committees about the implications on the U. S. information industry if the U. S. were to withdraw from UNESCO.

Office of Technology Assessment

- The Office of Technology Assessment (OTA) included a NCLIS Commissioner and former Chair on an expert panel to review the issues and prepare an assessment on "Intellectual Property Rights in an Age of Electronics and Information."

- NCLIS has been named an advisor to OTA on their two-year study on the topic of "Federal Government Information Technology: Administrative Process and Civil Liberties."

Rural Information Needs

- NCLIS assisted the Congress in coordinating and conducting a Congressional hearing on The Changing Information Needs of Rural America: The Role of Libraries and Information Technology.

Older Americans Act

- NCLIS worked with the Congress on the reauthorization of the Older Americans Act (OAA) by providing information on surveys requested by the Senate, and presenting testimony reflecting the need to specify that public libraries could be recipients of OAA grants.

Copyright

- NCLIS was instrumental in working out the five year review component which allowed the deadlocked Copyright Act of 1976 to proceed.

Literacy, Productivity and Democracy Conference

- NCLIS is working with Congress to plan and conduct a conference in 1989 to increase literacy, productivity and an understanding of the democratic process in America through better utilization of libraries and information services.

Technical Assistance

- NCLIS gives technical advice and assistance on a wide range of library and information topics to Members of Congress and their staffs, Congressional Committees and agencies in the Legislative and Executive Branches.

Library Services and Construction Act

- NCLIS provided technical assistance to the House and Senate on the reauthorization of the Library Services and Construction Act (LSCA). NCLIS urged that recomendations of the White House conference on Library and Information Services (WHCLIS) be included in the law. Twenty-two of the sixty-four resolutions are addressed in full or in part by the new LSCA. The Commission urged that ten major concepts arising from its studies of library and information needs be incorporated in the law, including Title IV, Library Services to Indian Tribes.

- NCLIS assisted the Congress in coordinating and conducting Congressional hearings on the reauthorization of the Library Services and Construction Act.

Higher Education Act

- NCLIS provided technical assistance to the House and Senate on the reauthorization of the Higher Education Act.

First White House Conference on Library and Information Services

-NCLIS worked with Congress and three administrations to draft, pass and implement Public Law 93-568 calling for a 1979 White House Conference on Library and Information Services. Over 100,000 people were involved nationwide in 57 state and territorial preconferences. Of the 64 resolutions passed at the national level, progress has been made in implementing parts of 55 resolutions (parts of 22 resolutions were included in the LSCA, as reauthorized, based on NCLIS recommendations to Congress).

During the Conference NCLIS worked with Congress to cordinate a Joint Congressional Hearing on Library and Information Services on site.

Federal Support for Libraries

- NCLIS is working with Congress and federal agencies to develop policies and specifications for library/information legislation and to encourage the maximum return on the federal government's support of public libraries - approximately 4% of library revenues are provided by the federal government.

Censorship

- NCLIS was directed by the Congress to study the extent of censorship over the past decade (1975-1985) in American public and school libraries and how our society is responding to it.

Title 44 U.S.C.

- NCLIS worked with the Joint Committee on Printing (JCP) regarding the Ad Hoc Committee on Depository Library Access to Federal Automated Data Bases and the proposed revisions to the regulations of Title 44 of the U. S. Code. NCLIS advised the JCP to expand its view of federal publishing and printing responsibilities to include the larger perspective of federal information resources management.

Satellite Data

- NCLIS aided the Congress and the Administration in reaching agreement on policies for the archiving of satellite data as part of the commercialization of land remote-sensing satellites.

[(2) conduct studies, surveys, and analyses of the library and informational needs of the Nation, including the special library and informational needs of rural areas, of economically, socially, or culturally deprived persons, and of elderly persons, and the means by which these needs may be met through information centers, through libraries of elementary and secondary schools and institutions of higher education, and through public, research, special, and other types of libraries;]

NCLIS has addressed this charge by conducting 30 studies, appointing 8 taskforces and continues work in 5 additional areas.

See Appendix II for annotated list of all NCLIS publications.

Library and Information Services

- NCLIS has completed several major projects to improve library and information services in the nation, using different mechanisms such as task forces, consultants, blue ribbon panels, and in-house studies. For example, the Commission appointed task forces which generally worked for two years, held eight meetings, and had approximately 15 members (all experts in the subject with differing points of view) including three NCLIS Commissioners. They were not paid salary. They did receive per diem allowance for travel. Each task force issued a final report. The task forces were on the following subjects:

- Library and Information Services to Cultural Minorities
- Community Information and Referral Services
- Public Sector/Private Sector Interaction in Providing Information Services
- The Role of the School Library Media Program in Networking
- The Role of the Special Library in Nationwide Networks and Cooperative Programs (in cooperation with the Special Libraries Association)
- A Computer Network Protocol for Library and Information Science Applications

Among the other major studies are:

- The Role of the Library of Congress in the Evolving National Network
- Toward a Federal Library and Information Services Network

(Note: We have been forced to abandon the valuable method of using experts in the field because of budget restrictions.)

Governance

- NCLIS is assessing the role that public libraries play or could play in providing information to local governments.

Partnerships in Library Services to the Aging

- NCLIS continues its partnerships with the Administration on Aging and ACTION to improve library and information services to the elderly through local and state programs. This is the fastest growing population group in our country.

Rural Library and Information Services Program

- A senior staff member was on loan from the National Agricultural Library for six years to direct the Commission's Rural Library and Information Services program which is helping NCLIS identify and work toward filling the information needs of rural America -- over one-third of the United States population.

- NCLIS organized a National Advisory Board on Rural Information Needs (NABRIN) planning committee in cooperation with the U.S. Department of Agriculture (USDA). This committee has recommended that a NABRIN be established at USDA to focus on the information needs of rural America. This is in response to the testimony heard at the Joint Congressional Hearing on "The Changing Information Needs of Rural America--The Role of Libraries and Information Technologies."

- NCLIS was instrumental in establishing a new Special Interest Group on Rural Information Services in the American Society for Information Science (ASIS).

American Indian Library Association

- NCLIS encouraged the establishment of the American Indian Library Association which now has over 150 members.

Technology Transfer for Adult Literacy

- NCLIS initiated a demonstration project with the Department of Defense/Army Human Engineering Laboratory, for transfering technology developed by the U.S. Navy personnel R & D Center to local libraries for adult literacy programs. The Department of Education and the private sector have participated in discussions which explored the possibility of extending and expanding the demonstration project.

[(3) appraise the adequacies and deficiencies of current library and information resources and services and evaluate the effectiveness of current library and information science programs;]

NCLIS has appraised and evaluated resources, services and effectiveness of library and information programs in the following five areas:

Information Needs of the Aging

- NCLIS is working with the Chief Officers of State Library Agencies, the Administration on Aging, Department of Health and Human Services, National Association of State Units on Aging, National Association of Area Agencies on Aging, ACTION, and the Department of Labor regarding library and information services provided to the aging.

Information Skills

- NCLIS is working to promote the importance of information finding and using skills to help citizens of all ages to perform more effectively in an information society.

National Library Symbol

- NCLIS was instrumental in the Federal Highway Administration's adoption of a national library symbol for use on highway signs.

Library Services to American Indians

- NCLIS learned first-hand in regional hearings about the lack of library and information services to American Indians living on or near reservations. NCLIS worked with the Congress, the library and information community and the Indian community. This work resulted in Title IV of LSCA which provides federal support for library and information services for Indians living on or near reservations.

Appraising Higher Education Act Criteria

- NCLIS is directed in both the House and Senate bills reauthorizing the Higher Education Act, to conduct a survey for the Congress to evaluate the effectiveness of the criteria specified in the Act.

[(4) develop overall plans for meeting national library and informational needs and for the coordination of activities at the Federal, State, and local levels, taking into consideration all of the library and informational resources of the Nation to meet those needs;]

NCLIS has addressed this charge by working in the following areas:

Preliminary Conference Design Group

- NCLIS established a group of local, state and federal representatives to prepare recommendations for a 1989 White House conference on library and information services. These recommendations have been widely disseminated and call for a White House Conference as proposed in pending legislation.

Nationwide Resource Sharing

- In addition to the numerous studies related to networking listed in Appendix II, the Commission works with the Library of Congress Network Advisory Committee toward the improvement of library and information services through library cooperation and nationwide resource sharing.

Technology Assessment

- NCLIS completed a series of studies on the implications of the new information technologies for the library and information field, including an examination of how information technology can contribute to increased productivity.

Resident Expert on White House Conferences

- NCLIS is consulted frequently as the federal agency with expertise on how to hold an effective and productive White House Conference. For example:

  - NCLIS worked with the White House Conference on Productivity to assure that the management of information resources was included and helped conference participants understand the role of information in national productivity.
  - NCLIS worked with the White House Conference on Small Business to assure that literacy, productivity and the importance of public library resources to small businesses were included.

Role of Fees

- With the Council on Library Resources providing the funds, NCLIS produced a report on "The Role of Fees in Supporting Library and Information Services in Public and Academic Libraries."

Combating Illiteracy

- NCLIS continues active participation in the Coalition for Literacy as part of its efforts in combatting illiteracy.

Statistics

- NCLIS has assisted the Department of Education's Center for Statistics (CS)--formerly the National Center for Education Statistics--in collecting data on public libraries from the states. NCLIS co-hosts with the Center a semi-annual meeting which provides a forum for the library and information community to keep up-to-date on CS activities in the library/information area and provides CS the opportunity to learn, first hand, the statistical needs of the library and information community.

1990 Census

- NCLIS is represented on the Office of Management and Budget's Federal Advisory Committee on the 1990 Census.

Dissemination of Federal Information

- NCLIS works to improve the dissemination of federal information by continuing to assist senior government officials with their efforts to improve the management of information resources.

Contracting Out of Library Services

- At the request of Congress and the Office of Management and Budget (OMB), NCLIS provided a forum for the discussions of contracting out of library services under OMB Circular A-76. Congress and OMB determined that NCLIS was the appropriate agency to chair and coordinate the meetings to discuss how well the contracting out of library services is working, which services lend themselves to contracting out and which do not.

Recruiting and Educating Information Professionals

- In cooperation with the Association for Library and Information Science Education (ALISE), library and information graduate schools and the information industry, NCLIS has established a roundtable on Support for Education of Library and Information Professionals. The goal is to explore ways to enlist current and future employers in the private sector to identify cooperative programs to provide resources needed by library and information science graduate schools for the support of the education of information professionals.

NCLIS/IFLA Information Center

- NCLIS coordinated private sector cooperation to provide an information center to showcase United States technology at the 1985 conference of the International Federation of Library Associations and Institutions (IFLA). The information center was produced with the cooperation of almost 50 different groups ranging from small educational publishers to AT&T Bell Laboratories which contributed a total of over $800,000 in hardware, software, database access, publications,and other resources. It will become a permanent working information center for NCLIS, housed at the Commission headquarters and is available for use by other federal agencies, public and private groups and for visitors from around the world.

Continuing Education

- NCLIS was instrumental in setting up the permanent Continuing Library Education Network and Exchange (CLENE).

Information and Productivity

- NCLIS co-hosted with the British Library the first US/UK bilateral meeting on information and productivity. A second conference on The Role of Information in the Economy, with representatives from industry, government, and academia from the U.S., U.K., and Canada will be held in May, 1986.

[(5) be authorized to advise Federal, State, local, and private agencies regarding library and information sciences;]

NCLIS has addressed this charge by working in the following eight areas:

International Information Transfer

- At the request of the Department of State, NCLIS is working with the library/information/archives community to maintain U.S. involvement in international information-related programs and improve the process of international information transfer.

NCLIS Provides International Advice

- At the request of the USIA, NCLIS was invited to advise the Argentine Library Association on library and information services.

- At no expense to the government, the NCLIS Vice Chairman visited and advised the Australian National Commission, which was set up using NCLIS as a model.

- At no expense to the government, a Commissioner visited and advised the Peoples Republic of China and Taiwan on library and information services.

- At the request of USIA, the NCLIS Chairman represented the U.S. at the IFLA conference in Nairobi, Kenya.

- NCLIS has assisted the USIA in revitalizing and strengthening its book and library-related programs abroad. The U. S. Books Abroad Task Force, of which NCLIS is a member, was established at the request of the National Security Advisor.

- Since 1971 persons from all over the world have visited Commission Headquarters, including 150 representatives from 37 foreign countries. We have also had visitors from most of the fifty states and the territories.

Training Indian Librarians

- NCLIS is an advisor to the Training and Assistance for Indian Library Services (TRAILS) program at the University of Oklahoma.

Public/Private Sector Cooperation

- NCLIS continues to work with the private sector (both for-profit and not-for-profit) and libraries to improve the education of information professionals, the recruitment of excellent students into the information profession, and the delivery of information products and services needed by users.

Departments of Defense and Education

- As part of the President's initiative on adult literacy, NCLIS continues working with the Department of Defense, the Department of Education, and local volunteer literacy programs to improve the effectiveness of literacy programs in libraries through technology transfer. This helps implement the Stevenson-Wydler Technology Innovation Act of 1980, P. L. 96-480, regarding the transfer of technology developed with federal funds to the public.

Department of Agriculture

- NCLIS works with the Department of Agriculture and local and state groups toward meeting the information needs of citizens living in rural areas.

IBM Partnership

- NCLIS and IBM formed a partnership in which IBM loaned NCLIS personnel for one year to conduct studies on technology and productivity.

Standards for Federal Librarians

- NCLIS analyzed and transmited to the Office of Personnel Management, the concerns of the library and information community concerning the proposed OPM standards for federal librarians and expressed its willingness to assist by convening an advisory group that helped develop revised standards responsive to the concerns of the community.

[(6) promote research and development activities which will extend and improve the Nation's library and information-handling capability as essential links in the national communications networks;]

NCLIS has addressed this charge by promoting research and development activities in the following five areas which relate to networking:

Library Services and Construction Act

- NCLIS urged the Congress to include a strong commitment to networking in the reauthorization of LSCA. The Act now encourages and supports extending and improving the Nation's library and information-handling capability as essential links in the national communications networks.

Federal Activities

- NCLIS continues its ongoing work as a member of the Library of Congress Network Advisory Committee (NAC).

- NCLIS contributed to the Library of Congress' Network Development Office for activities relating to networking such as development of the Subject Cataloging Manual and Library of Congress Subject Headings.

School Library Networking

- NCLIS' Study on School Library Media Program in Networking is being used at the state level.

Special Library Networking

- NCLIS cosponsored with the Special Library Association (SLA) a Taskforce on the Role of Special Libraries in Networking and Cooperatives.

Public/Private Sector Taskforce

-NCLIS Public/Private Sector Taskforce Report includes recommendations on networking.

[(7) submit to the President and the Congress a report on its activities during the preceding fiscal year;]

- NCLIS has submitted annual reports to the President and the Congress

[(8) make and publish such additional reports as it deems to be necessary, including, but not limited to, reports of consultants, transcripts of testimony, summary reports, and reports of other Commission findings, studies, and records as it deems appropriate.]

In addition to its 14 annual reports the Commission has published 65 articles, reports and related papers. See Appendix II for the complete list.

Among the many publications in the last twelve months by NCLIS Commissioners and staff are the following selected items:

- Censorship Activities in Public and Public School Libraries 1975-1985.

- The Five Year Review of Progress Made Toward Implementation of the 64 Resolutions Adopted at the 1979 White House Conference on Library and Information Services.

- The Final Report of the 1989 White House Conference on Library and Information Services Preliminary Design Group.

- "An NCLIS Library Statistical Sampler." Library Journal, October 15, 1985.

The following articles appeared in the Journal of the American Society for Information Science, November 1985:

- Bearman, Toni Carbo, Co-editor. "Perspectives on . . . The National Commission on Libraries and Information Science."

- Hashim, Elinor M. "National Commission on Libraries and Information Science: A Brief Overview."

- Juergensmeyer, John E. and Sarah G. Bishop. "Access to Information: The Dream and Reality."

- Moore, Bessie Boehm and Christina Carr Young. "Library/Information Services and the Nation's Elderly."

The following 19 products emanated from the 1979 White House Conference on Library and Information Services.

- The Final Report - Information for the 1980's, The 1979 White House Conference on Library and Information Services

- The Final Report - Summary, The 1979 White House Conference on Library and Information Services

- Bringing Information to People, 20 minute videotape
- The White House Conference Program Book
- The Reference Book Collection of the Conference Information Center
- Dialogues on the Future of Library and Information Services 3 audiotapes
- Federal Funding Alternatives
- New Communication and Information Technologies and Their Applications to Individual and Community Use: A Theme Conference
- International Information Exchange: A Theme Conference Summary
- Libraries and Literacy: A Summary Report
- Structure and Governance of Library Networks: Issues for Consideration
- Library and Information Services for Increasing International Understanding and Cooperation: A Discussion Guide
- Library and Information Services for Effectively Governing Society: A Discussion Guide
- Library and Information Services for Improving Organizations and the Professions: A Discussion Guide
- Library and Information Services for Enhancing Lifelong Learning: A Discussion Guide
- Library and Information Services for Meeting Personal Needs: A Discussion Guide
- Issues and Resolutions: A Summary of Pre-Conference Activities: A Graphic Presentation
- Issues and Resolutions: A Summary of Pre-Conference Activities
- Bringing Information to People, a poster

[(b) The Commission is authorized to contract with federal agencies and other public and private agencies to carry out any of its functions under subsection (a) and to publish and disseminate such reports, findings, studies, and records as it deems appropriate.]

Department of Commerce

- The Department of Commerce contracted with NCLIS to advise them on the archiving of data from satellites.

Library of Congress

- NCLIS contracted with the Library of Congress (LC) to assess the sharing of resources and services between federal libraries and information centers and non-federal libraries.

- NCLIS contracted with LC Network Development Office to develop and promote networking activities.

Health and Human Services

- NCLIS and the Administration on Aging (AoA) signed a Memorandum of Understanding to work toward common goals.

ACTION

- NCLIS and ACTION signed a Memorandum of Understanding to work toward common goals.

Department of State

- Beginning in FY 1983, NCLIS became the Secretariat for the United States National Committee to the UNESCO General Information Program. After the U.S. withdrew from UNESCO, the State Department asked NCLIS to advise on international library/information/archives programs that further U.S. objectives and should continue during our official absence from UNESCO. The Commission is working with representatives of the library/information community most concerned with international information programs to advise the State Department on ongoing activities that should receive funding under the Foreign Assistance Act.

National Science Foundation

- NCLIS contracted with the National Science Foundation and the Council on Library Resources to study copyright and national bibliographic control.

Commission on Copyright

- NCLIS contracted with the National Commission on New Technological Uses of Copyrighted Works (CONTU) to work toward resolving the copyright problem.

[(c) The Commission is further authorized to conduct such hearings at such times and places as it deems appropriate for carrying out the purposes of this Act.]

NCLIS has assisted with several Congressional hearings and has held no less than a dozen hearings.

Cultural Minorities Hearings

- NCLIS held hearings on Library and Information Services to Cultural Minorities at the American Library Association Annual Conference, in San Francisco, California.

Rural Needs Hearings

- NCLIS assisted Congress in coordinating and conducting the Joint Congressional Hearing on "The Changing Needs of Rural America - The Role of Libraries and Information Technologies."

LSCA Hearing

- NCLIS assisted Congress in coordinating and conducting Congressional hearings on the reauthorizaion of the Library Services and Construction Act.

Joint Congressional Hearing at White House Conference

- NCLIS worked with Congress to coordinate a Joint Congressional Hearing on Library and Information Services on site at the 1979 White House Conference on Library and Information Services.

NCLIS Regional Hearings

- NCLIS held Regional Hearings nationwide (Midwest-Chicago, Far West-San Francisco, Southeast-Atlanta, Northeast-Boston, Southwest-San Antonio, Mountain Plains-Denver, Mid Atlantic-Philadelphia) to learn first-hand the problems which it addressed in its landmark document "Toward a National Program for Library and Information Services: Goals for Action."

Hearings on Indian Library Needs

- NCLIS held a hearing in Albuquerque, New Mexico concerning library and information services to American Indians on or near Reservations.

- NCLIS had senior policy officials from the Bureau of Indian Affairs (Department of the Interior), testify regarding the NCLIS findings about the lack of library and information services being provided American Indians living on or near reservations.

Information Policy Hearings

- NCLIS organized two days of hearings at which 40 representatives of various sectors of the information community assembled to identify and analyze critical information issues from a variety of viewpoints. This was in response to a request from the White House Domestic Council to assist their Committee on the Right to Privacy which was charged with making a comprehensive study of the emerging issues of information policy and recommend how the federal government should address these issues. NCLIS published the report and made it available to the Congress, concerned Executive departments and the library and information community. This is the major policy document in the field, "National Information Policy."

[(d) The heads of all Federal agencies are, to the extent not prohibited by law, directed to cooperate with the Commission in carrying out the purposes of this Act.]

NCLIS has cooperated with many federal agencies.

Interagency Agreements

- NCLIS has entered into interagency agreements with the Administration on Aging and ACTION.

National Agricultural Library

- Senior staff member on loan to NCLIS from the National Agricultural Library.

Defense Intelligence Agency

- Staff person on loan from Defense Intelligence Agency (DIA) for NCLIS information center.

Federal Agencies Cooperated on White House Conference

- Staff lent by Library of Congress, Department of Defense, National Library of Medicine, National Agricultural Library, U.S.I.A. and Department of State for 1979 White House Conference.

Department of Education Center for Statistics

- NCLIS brings together semi-annually officials from the Department of Education's Center for Statistics and representatives from the major library and information associations to identify needed statistics and mechanisms for gathering and disseminating them more efficiently.

Other Cooperative Agencies

- The Commission's broad mandate includes establishing cooperative relationships with agencies such as the Office of Science and Technology Policy, the National Science Foundation, the National Endowment for the Humanities, the Department of Commerce's National Telecommunications and Information Administration, the White House Office of Private Sector Initiatives, OMB, OTA, and the Department of State.

BESSIE BOEHM MOORE
(MRS. MERLIN M. MOORE)

HOME ADDRESS: 712 Legato Road, Briarwood
Little Rock, AR 72205

HOME TELEPHONE: 501-225-6914 (If no answer call 501-371-2326)

MAIDEN NAME: Bessie Grace Boenm

BIRTHPLACE: Owensboro, Kentucky

Lived in Arkansas since 1914

MARITAL STATUS: Widow. Married Merlin Malcolm Moore, 1928: deceased, 1958

EDUCATION

1942 - BSE, University of Central Arkansas, Conway, AR.

1962 - MA, University of Connecticut, Storrs, CT.

EXPERIENCE AS EDUCATOR

1962 - 1979	Executive Director, Arkansas State Council on Economic Education.
1970 - 1974	Executive Director Arkansas State Council on Economic Education and State Coordinator, Environmental Education, Arkansas Department of Education, Little Rock, AR.
1962 - 1974	State Supervisor, Economic Education, Arkansas Department of Education, Little Rock, AR.
1959 - 1965	State Supervisor, Elementary Education, Arkansas Department of Education, Little Rock, AR.
1966 - 1967	Consultant to U.S. Office of Education on Economic Education.
1939 - 1944	City Supervisor of Elementary Education, North Little Rock, AR.
1939 - 1944	Summer Faculty University of Arkansas, Fayetteville, University of Arkansas at Monticello, Arkansas Tech University, Russellville, and University of Central Arkansas, Conway.

1934 - 1939	Supervisor of Nursery Schools, Arkansas Department of Education, Little Rock, AR.
1924 - 1932	County Supervisor of Jefferson County Schools, Pine Bluff, AR.
1916 - 1924	Classroom Teacher, Stone County, Pulaski Company.

LIBRARY ACTIVITIES

Member, National Commission on Libraries and Information Science, appointed by President Richard Nixon in 1971, reappointed in 1973. Appointed by President Jimmy Carter for five-year term 1979. Appointed by President Reagan for five year term 1983. Vice Chairman since 1972. (Elected by Members.) Members must be confirmed by the U.S. Senate.

Attended the International Federation of Library Associations (IFLA), Italy 1964; Finland 1965; West Germany 1968; Russia 1970; Hungary 1972; Belgium 1977; Washington D.C. 1978; Canada 1982; Washington, D.C. 1974; Chicago, Illinois 1985.

Honored by American Library Trustee Association with establishment of Bessie Moore Fund, 1981.

Chosen as Honorary Member, American Library Association in recognition of service to libraries, especially in legislation, 1980.

Awarded certificate of special recognition for more than five decades of service to libraries by White House Conference on Library and Information Science, 1979. Others honored were Senator Claiborne Pell, Rhode Island, Senator Jacob Javits, New York, and Congressmen William D. Ford, Michigan, and John Brademas, Maryland.

Distinguished Guest Lecturer, School of Library Science Louisiana State University, 1976 and University of Texas, 1979.

Member, Arkansas Library Commission, 1941-1979, Chairman, 1949-1979. (Serving under 9 Governors)

Lecturer, University of Michigan (annually since 1974), University of Nebraska, Florida State University, University of Arizona, University of South Florida.

Member, National Book Committee, 1968-197

Chairman, Trustees of State Libraries, American Library Association, 1970-1972.

Chairman, Jury on Citation of Trustees, American Library Association, 1969-1970.

Member, Legislative Committee, American Library Association, 1961-1967.

Administrative responsibility in Arkansas Department of Education for development of school libraries, 1958-1963.

National President, American Library Trustees Association, 1957-1959.

Member, Advisory Committee to U.S. Commissioner of Education on Library Services Act, 1956-59.

Testified before House Labor and Education Committee in behalf of Library Services Act, 1956 and in behalf of libraries before both U.S. Senate and House Committee many times in succeeding years.

Winner, American Library Association, Trustee Award, 1954.

Member, Committees of American Library Association dating back to 1950.

Speaker at Library meetings in many states and Canada, including Governor's Conferences on Libraries in ten states.

Organized first county library in Arkansas, Pine Bluff, AR 1926.

BUSINESS EXPERIENCE

Owned and operated a successful Main Street business in Little Rock for several years.

Member, Board of Directors, First National Bank of Little Rock, 1971-1979.

Member of the Board, Maumelle Land Development, Inc., 1973-1976.

CIVIC AND POLITICAL ACTIVITIES

Member, Governor's Advisory Commission on Aging, 1969-1979, 1980-1982, 1984-.

Member and Finance Chairman, Sesquicentennial Commission of Arkansas for 1986; appointed by Governor Bill Clinton in 1983. Also Member of Executive Committee and Finance Chairman.

Vice President "Keep Arkansas Green", 1978.

Member, Advisory Committee Arkansas Office, Small Business Administration, 1974-1977.

Appointed by U.S. Department of Agriculture to RECD Board, 1974.

Member, Governor's Advisory Committee on Status of Women, 1968-1970.

Member, United States Committee for UNICEF, 1958-1970.

Chairman, Ozark Folk Cultural Center Commission, 1963 - (resulted in building and operation of the Ozark Folk Center at Mountain View, Arkansas--the only one of its kind in the nation.)

Member, Committee of Little Rock citizens whose findings resulted in expansion of Little Rock Junior College to 4-year institution, Little Rock University (now University of Arkansas at Little Rock), 1956-1958.

Member, Governmental Affairs Committee, Little Rock Chamber of Commerce, 1950-1958.

Member, National Board of Governors, American Association for the United Nations, 1950-1957.

Delegate, Democratic National Convention, 1936.

ORGANIZATION AFFILIATIONS

Member, American Association of University Women.

Delta Kappa Gamma, Arkansas Founder and State life member.

Member, Academy of Independent Scholars.

Past President, Little Rock Soroptimist Club.

Arkansas Congress of Parents and Teachers (Past Vice-President and life member).

Member, Red Cross Board, 1980-

Member, International Platform Association.

Member, American Academy of Political and Social Science.

Member, Woman's City Club, Little Rock.

Member, Fine Arts Club, Little Rock.

Member, Arkansas Arts Center, Little Rock.

Member, Quapaw Quarter Association, Little Rock.

HONORS AWARDED BY COLLEGES AND UNIVERSITIES

Honorary Doctor of Library Science Degree, University of Arkansas at Little Rock(UALR) 1983.

Center for Economic Education designated Bessie Boehm Moore Center for Economic Education by Board of Trustees, University of Arkansas, 1978, dedicated, 1979.

Adjunct Professor University of Arkansas at Little Rock, 1979.

Honorary Member, Alumni Association, University of Michigan Library School, 1978.

Honorary Doctor of Laws Degree, University of Arizona, 1977.

Distinguished Alumna Award, University of Arkansas, 1974.

Honorary Doctor of Laws Degree, University of Arkansas, 1958.

NATIONAL HONORS

Chosen by National Association of Economic Educators and Joint Council on Economic Education to receive "Distinguished Service to Economic Education", 1983.

National Association of Economic Educators, President, 1971.

George Washington Medal of Honor by Freedoms Foundation, 1969, for Distinguished Service to Education.

Selected by Department of State to be guest of Republic of West Germany to inspect and evaluate effects of Marshall Plan Aid, 1964.

Selected by Defense Department as a member of DACOWITS to visit military installations including hospitals, to see conditions under which women in the armed services were serving abroad, 1964.

Appointed by Secretary McNamara to the Defense Advisory Committee on Women in the Services (DACOWITS), 1961-1964.

Member, Radio Free Europe Tour, 1961 (Crusade for Freedom).

OTHER HONORS

Listed in:

Chosen to be included in 100 Arkansas Women of Achievement by Arkansas Press Women, 1980.

Who's Who in American Women.

Some Remarkable Women in Arkansas, Volume. I, International Women's Year Publication.

Distinguished Americans of the Bicentennial.

World Who's Who of Women.

Who's Who in the South and Southwest.

Directory of Education Specialists.

Academy of American Educators

Arkansans of the Years

Community Leaders and Noteworthy Americans.

Personalities of the South.

Dictionary of International Biography

ARKANSAS HONORS

Inducted into Arkansas Tourism "Hall of Fame," March 12, 1985, by Governor Bill Clinton.

Commended by the Legislative Council, General Assembly of Arkansas, May 1983 (Interim Resolution 83-4) on her many outstanding contributions to education and libraries in the State of Arkansas and the United States.

Honored by Joint Council on Economic Education for contributions to the continuing cause of better economic understanding 1982.

Chosen as Arkansas "Citizen of the Year 1979" by the March of Dimes.

Awarded certificate of recognition by Governor Bill Clinton for distinguished public service, 1979.

Named to Honorary Membership Beta Gamma Sigma, University of Arkansas Chapter, 1979.

Distinguished Leadership Award, Arkansas Bankers Association, 1978.

Awards from Arkansas State Chamber of Commerce, 1964 and 1978, for Distinguished Service to Arkansas in Economic Education.

Member of the Board, Arkansas Foundation of Associated Colleges, 1975-1977.

Member, Advisory Committee, College of Business Administration, Arkansas State University, Jonesboro, 1973-1976.

Member, Advisory Committee, College of Business Administration, University of Arkansas at Little Rock, 1975.

Member, Advisory Committee, College of Business Administration, University of Arkansas at Fayetteville, 1967-1972.

Chosen Arkansas Educator of the Year by Arkansas Business and Professional Women's Club, 1968.

Distinguished Service Award, American Association of University Women, Arkansas Branch, 1966.

Honorary Membership in Arkansas Library Association for Distinguished Service to Libraries, 1966.

Honorary Member Award and Shield Honor Society, Little Rock University, 1964.

C. E. Palmer Distinguished Service Award, 1959 (Given to the citizen of Arkansas who is judged to have given the finest service to the state the preceding year. Only woman ever to receive the award. Among other winners are the late Governor Winthrop Rockefeller and Senator J. William Fulbright).

Arkansas Woman of the Year 1952 (elected by popular vote in newspaper poll).

Designated "Arkansas Traveler," 1952

RECOGNITIONS BY OTHER STATES

Distinguished Visitor, Guatamala City, 1979.

Honorary Citizen, West Virginia, 1976.

Colonel, Aide-de-Camp to Governor of Louisiana, 1975.

Colonel, Aide-de-Camp to Governor of New Mexico, 1974.

Admiral, Great Navy State of Nebraska, 1968.

Honorary Citizen, Lubbock, Texas, 1967.

Kentucky Colonel, 1967.

Arkansas Traveler, 1952.

CHURCH

Member, The First United Methodist Church, Little Rock, AR.

HIGHLIGHTS

Started teaching school at age 14 at St. James, Stone County, Arkansas.

Served 38 years under 9 Governors (Homer Adkins to Bill Clinton) on the Arkansas Library Commission, as Chairman the last 28 years.

As a member of the staff of the Arkansas Department of Education had responsibility for development of school libraries 1959-1965.

Appointed by President Lyndon Johnson to the National Advisory Commission on Libraries 1965-1967.

Has had four appointments to National Commission on Libraries and Information Science by three Presidents of the United States (Nixon (twice), Carter and Reagan).

Continues in active role of lecturing at leading universities, consulting in economic and career education, serving as a library advocate and a world traveler at age 83.

Has reflected credit on the State through her many contacts and broad acquaintances in this country and in other countries where she has traveled both officially and privately.

She is a real Arkansas Traveler.

October 1985

ADEQUACY OF BUDGET REQUEST

Mr. **Natcher**. Thank you, Dr. Moore.

Your budget request for 1987 is $690,000, the same as the original 1986 appropriation. Is this budget fully adequate for the Commission in 1987?

Ms. **Hashim**. I would not say it is fully adequate. We can survive, but it is not what we originally asked for, and it will mean we will not be able to do some of the programs we had anticipated doing in fiscal year 1987.

AUTHORIZATION LEVEL

Mr. **Natcher**. What is your authorization level for the Commission?

Ms. **Hashim**. $750,000.

GRAMM-RUDMAN CUTS

Mr. **Natcher**. How much money did the Commission lose in 1986 as a result of Gramm-Rudman, your 4.3 percent?

Ms. **Hashim**. $30,000.

Mr. **Natcher**. How do you plan to absorb the reduction?

Ms. **Hashim**. We have made plans to reduce some salary expenditures, and some money in the travel budget. That would be about $7,000 and about $23,000 will be saved in the rental of equipment and in reducing our communications costs.

COMMISSION MEETINGS

Mr. **Natcher**. How many times did the full Commission meet in fiscal year 1985?

Ms. **Hashim**. We generally meet four times a year, quarterly.

Mr. **Natcher**. Where do you hold your meetings?

Ms. **Hashim**. Washington, D.C.

COMMISSIONER BIOGRAPHICAL SKETCHS

Mr. **Natcher**. For the record, provide a short biographical sketch for each Commissioner and show the expiration date for each term.

[The information follows:]

U.S. NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

COMMISSION MEMBERS

(Commissioners' terms expire on July 19 of the year indicated in parentheses.)

Elinor M. Hashim (Chairman) has been the Program Director, Special Libraries of the Online Computer Library Center, Inc. (OCLC) in Dublin, Ohio since 1985. From 1975-85 she was Supervisor, Reference and Technical Services at the Perkin-Elmer Corporate Library in Norwalk, Connecticut. She worked in Connecticut public libraries from 1968-75. Miss Hashim was employed at the United Technologies Research Center in East Hartford, Connecticut from 1956 until 1968. She served as Chairman of the Connecticut State Library Board from 1976-82. Miss Hashim earned a B.A. Degree in Political Science from the University of Vermont and an M.S. Degree in Library Science from Southern Connecticut State College. (1986)

Bessie Boehm Moore (Vice Chairman), at age 83, Dr. Moore is an active participant in public affairs and serves as a speaker and consultant in education and library matters throughout the United States. She began her career as a teacher in the Ozark Mountains, Stone County, Arkansas in 1916. She went on to hold a number of education positions in the State, including the executive directorship of the Arkansas State Council on Economic Education for 17 years. Serving under nine Arkansas Governors, she was a member of the Arkansas Library Commission from 1941-79 and chairman of that group from 1950-79. She was a member of the National Advisory Commission on Libraries, which recommended the establishment of NCLIS as a permanent, independent agency. Dr. Moore's many awards include honorary degrees in law and library science, and an Honorary Life Membership from the American Library Association, their highest honor. She received a certificate of special recognition for more than five decades of service to libraries at the White House Conference on Library and Information Services in 1979. She has been named both Women of the Year and Citizen of the Year in her home state, and in 1979 the Bessie Boehm Moore Center for Economic Education was dedicated on the campus of the University of Arkansas at Fayetteville. (1988)

Patricia Barbour of Dearborn Heights, Michigan has served as a social worker at the Wayne County Bureau of Social Aid in Detroit. She chaired the Junior League Book Society, and established a lending library on an Indian reservation. She is a former member of the National Advisory Council on Community Education and a Member of the Executive Board of the American Research Institute in Detroit, Michigan. (1989)

Daniel J. Boorstin has been the Librarian of Congress since 1975. The Librarian of Congress serves as a permanent Member of NCLIS as mandated by Public Law 91-345. He was previously the Director of the National Museum of History and Technology and the Senior Historian at the Smithsonian Institution. Dr. Boorstin was the Preston and Sterling Morton Distinguished Service Professor at the University of Chicago for 25 years. A graduate of Harvard University, Dr. Boorstin has a J.S.D. from Yale University. He was awarded an honorary Litt.D. by Cambridge University and also has numerous other honorary degrees.

Daniel H. Carter of Houston Texas, is currently a Consultant with Strategic Business Services and Management. He was Vice President for Strategic Business Services at Walter Ulrich Consulting, a management and technology consulting firm from 1966-86. Mr. Carter was with Texas Instruments from 1966-85, serving as Director of Business Relations for the Data Systems Group. Mr. Carter is a Member of the Board of Directors of the Information Industry Association and served as a Member of the Information Community Advisory Committee to the 1979 White House Conference on Library and Information Services. He was a Member of the Private Sector Initiatives Subcommittee of the 1983 White House Conference on Productivity, and Chairman of a Technical Advisory Committee to the U.S. Department of Commerce and an Advisor to the American Productivity Center. (1989)

Daniel W. Casey of Syracuse, New York is a public relations, advertising, and broadcasting consultant. Mr. Casey served as an NCLIS Commissioner from 1973-78. He has been a public library trustee since 1954. Mr. Casey is presently a Member of the Board of Directors, New York State Association of Library Boards, and the Citizens Library Council of New York State. He also serves on the councils of the New York Library Association and the American Library Association. (1989)

Lee Edwards is the Director of the Institute on Political Journalism, Charles Edison Memorial Youth Fund in Washington, D.C., and was recently an Institute of Politics Fellow at the John F. Kennedy School of Politics, Harvard University. He has a Ph.D. in World Politics from the Catholic University of America. Since 1965, Mr. Edwards has been President of Lee Edwards and Associates, Inc., a public relations firm dealing with foreign policy and domestic issues. He is the author of Ronald Reagan: A Political Biography and You Can Make the Difference (both published in 1980), and has written and lectured extensively on political and foreign policy subjects. (1990)

Wanda L. Forbes of Clover, South Carolina serves on the Advisory Council to the Museum of Education, University of South Carolina, and belongs to the Friends of the York County Public Library, as well as to several state and regional library associations. Mrs. Forbes is a former school librarian at the elementary and secondary levels. She has an A.B. from Queens College, Charlotte, North Carolina, and an M.A. Degree in school librarianship from Winthrop College. (1988)

Frank Gannon is Editor of Saturday Review and the Philip Morris Magazine, snd President of Frank Gannon Productions, a communications consulting company. He graduated from Georgetown University and the London School of Economics and holds a Ph.D. in Political Science from Oxford University. He is a former White House Fellow. (1990)

John E. Juergensmeyer is an attorney at Juergensmeyer and Associates in Elgin, Illinois. Dr. Juergensmeyer represents numerous units of local government, including many public libraries. He has served as Chairman of the Illinois and Chicago Bar Associations' Local Government Law Committees, and has written and lectured extensively for numerous professional associations. He served as Assistant Attorney General, and as both Assistant State's Attorney and Public Defender for Kane County. Dr. Juergensmeyer has a J.D. (L.L.B.) Degree from the University of Illinois and an M.A. and a Ph.D. from Princeton University. (1987)

Byron Leeds is Vice President of Post Graphics, Inc. in Carlstadt, New Jersey. In 1963, Mr. Leeds founded Publishers Phototype, Inc., a computer composition company which has become the "State of the Art" in worldwide satellite communications for the publishing industry. Mr. Leeds has a B.S. degree from New York University. (1986)

Jerald C. Newman is President, Transnational Commerce Corporation in North Woodmere, New York. Mr. Newman was formerly President, Chief Administrative Officer and Trustee, the Bowery Savings Bank in New York City, and the Executive Vice President of Bank Leumi Trust Company of New York. In 1980 he was awarded the Distinguished Service Medal from the State University of New York at Stony Brook and in 1982 he was appointed Civilian Aide to the Secretary of the Army. Mr. Newman has a B.S. Degree in Management from New York University. (1987)

Margaret Phelan of Shawnee Mission, Kansas is the owner of Phelan Business Research. She was Research Manager for Heidrick and Struggles, Inc. for almost 17 years, and earlier she worked for an engineering firm in Turkey. Miss Phelan graduated from Kansas State University with a B.S. Degree in Business Administration and has an M.A. Degree in Library Science from Rosary College. (1988)

Barbara Jo Anne Harris Taylor of Potomac, Maryland is a collector of rare and antiquarian books and manuscripts and has studied library and museum conservation and preservation. Mrs. Taylor is National Chairman of the Daughters of the American Revolution Schools for underprivileged children and was recently elected to the national office of DAR Librarian General. She attended the Georgetown University School of Foreign Service and was appointed U.S. National Commissioner for UNESCO in 1982 and served as a Senior Advisor to the U.S. Delegation, 22nd General Conference of UNESCO in Faris in 1983. She has also represented the U.S. at international science and social science meetings and at the "Meeting of Experts on the Application of the Beirut and Florence Agreements and the Nairobi Protocol concerning the Importation of Educational, Scientific and Cultural Materials." (1990)

William J. Welsh has served as the Deputy Librarian of Congress since 1976. Mr. Welsh joined the Library of Congress in 1947. He has served in numerous positions of importance for the American Library Association, the Association of Research Libraries, the International Federation of Library Associations and Institutions, and the National Library of Medicine. He has been in the forefront of the application of optical disk technology to library services and to the storage of knowledge. In 1983, he was awarded the Library of Congress' highest award, the Distinguished Service Award. Mr. Welsh has an A.B. Degree in Philosophy and an honorary Ph.D. degree from the University of Notre Dame. (Serves for Dr. Boorstin)

Julia Li Wu is the Head Librarian at Virgil Junior High School in Los Angeles, California. In 1980-81, Mrs. Wu served as the Coordinator, Indochinese Refugee Children's Assistance Program, Los Angeles City Schools District. She was the 1977 recipient of the Outstanding Service Award given by the California Chapter of the Special Libraries Association. Mrs. Wu earned an M.A. Degree in Education Administration from the California State University of Los Angeles and a B.A. Degree in English from the Taiwan National Normal University. Mrs. Wu served as a Commissioner in 1973-78. (1987)

Mr. NATCHER. What is the length of a member's term?

Ms. HASHIM. Five years.

Mr. NATCHER. On the average, how many days per year does each member spend on commission activities?

Ms. HASHIM. That would vary, but probably 12 to 15 days average for most Commissioners, excepting the chairman and the vice chairman, because we do spend more time on the Commission business than the rest of the Commissioners.

COMMISSIONER COMPENSATION

Mr. NATCHER. How are the members compensated?

Ms. HASHIM. They get travel expenses, per diem, and a salary for the days that they actually are working on Commission business. They are entitled to claim it. I shouldn't say they all get it, because some choose not to claim it.

NCLIS MEMBER AND MEETING EXPENSES

Mr. NATCHER. Can you tell us how much of your budget is spent strictly for Commission members and meetings, what part of your entire budget?

Ms. HASHIM. I can't tell you offhand. We will provide that for the record.

[The information follows:]

For FY 1986 we have budgeted $54.000 for Commissioner travel, salary and meeting costs for three meetings. This amount does not include staff time and materials needed to prepare for each meeting. In FY 1987 we will budget $72,000 for four meetings of the Commission.

FULL-TIME EMPLOYEES

Mr. NATCHER. How many full-time employees does the Commission have?

Ms. HASHIM. Ten full-time equivalents.

Mr. NATCHER. How many clerical employees do you have?

Ms. HASHIM. Two full-time, one part-time.

COMPUTER USAGE

Mr. NATCHER. To what extent does the Commission utilize computers?

Ms. HASHIM. Quite a bit, every staff member has a terminal at her desk.

OTHER SERVICES

Mr. NATCHER. You are budgeting $40,000 for "other services" on page 10 of the justification. Can you tell us how these funds are used?

Ms. BEARMAN. One specific project requires $10,000 for a study of working smarter, which is how government employees, particularly those in management positions, can be more productive.

The budget, I will provide a complete breakdown for the record, includes support of standards activities and any specific small projects that might be undertaken that would require bringing in any additional outside staff. But the major item in there is the $10,000 study.

Mr. NATCHER. Provide a little breakdown on this amount for the record.

[The information follows:]

The anticipated expenditures in the "other services" line item include: $15,000 (which may rise to $20,000 if we need to use the Department's contracting office) to the Department of Education for administrative services; $2,400 in meeting costs; $1,000 in staff training; $3,200 in mail and delivery services; $1,100 in conference fees; $10,000 consultant contract for Information in the Economy program; $7,300 other anticipated services.

PRINTING COSTS

Mr. NATCHER. Your printing costs appear to be doubling. Why is this taking place?

Ms. BEARMAN. This year, we have received a contribution to pay for our annual report. We are happy to provide this printed annual report to you for the first time in time for our hearings.

We were able to get a donation of all the printing and publishing, including copies to be deposited in the depository library system. We feel we cannot anticipate such a similar donation next year, so we have budgeted $3,000 for printing our annual report.

NON-FEDERAL CONTRIBUTIONS

Mr. NATCHER. How much money did the Commission receive from non-Federal sources in 1985?

Ms. BEARMAN. Direct dollars, approximately $3,000. There were several other contributions of in-kind services. In fiscal year 1985, we coordinated and presented the information center during the Conference of the International Federation of Library Associations and Institutions. For that, we received donations of hardware, software, data bases, publications, and the design and construction of the exhibit, from more than 45 different organizations, from small publishers to AT&T Bell Laboratories, all of whom contributed to that, primarily in-kind resources.

Mr. NATCHER. Go right ahead.

Ms. BEARMAN. Our estimate of that, which is a rough "on the back of the envelope" estimate is somewhere over $800,000. It is difficult to estimate the time of some of the senior managers.

LIBRARY FUNDING ADVICE

Mr. NATCHER. The President has again this year left library funding out of his budget. Do officials in the Executive Branch ever seek the opinion of the Commission concerning library funding?

Do they ever ask you about it, any of you? They leave it out year after year after year, and as you know, we put it back, Dr. Moore.

Ms. HASHIM. I don't recall, sir, that we have ever been asked by the Administration about LSCA, in particular.

Mr. NATCHER. I see.

Isn't the Commission supposed to advise the President in regard to these matters, concerning libraries generally?

Ms. HASHIM. Yes, we are.

FEDERAL FUNDING FOR LIBRARIES

Mr. NATCHER. What percentage of total library funding in this country comes from the Federal Government?

Ms. HASHIM. About 3.7 percent, and I might point out to you that in the late seventies, Federal support for libraries was around 8.8 percent, or 8.9 percent including revenue sharing and some other areas where libraries benefited.

1989 WHITE HOUSE CONFERENCE ON LIBRARIES

Mr. NATCHER. Are you still developing plans for another White House Conference on Libraries?

Ms. HASHIM. Yes, sir.

Mr. NATCHER. What recommendations have been made?

Ms. HASHIM. Well, as I mentioned in my statement, we had a preliminary conference design group composed of representatives from the State, Federal and local levels. What they have done in their report to us is make recommendations that the 1989 conference have three main themes, library and information services for literacy, for democracy, and for productivity.

One of the four charges that we gave them was to recommend alternative sources for funding for such a conference. They have made three recommendations. One would be all Federal funding; one would be a combination of Federal, State, local, and private sector funds, and one would be all private sector funded. Until the legislation is passed, none of us is sure how the funding will be resolved.

Mr. NATCHER. Will the Administration support such a conference?

Ms. HASHIM. We certainly hope they will.

ESTIMATED FEDERAL COSTS

Mr. NATCHER. How much do you estimate the conference would cost?

Give us some idea about the 1979 conference cost, if you have it?

Ms. HASHIM. The 1979 conference cost in 1979 dollars about $3,500,000, in Federal funds. That would be the equivalent of about $15,000,000 1985 dollars. However, at this time it is anticipated that the Federal contribution for the 1989 conference will be in the neighborhood of $5 million dollars.

CENSORSHIP STUDY

Mr. NATCHER. At the request of our colleagues on the other side of the Capitol, the Commission has conducted a study of censorship in libraries. Has the study been completed?

Ms. HASHIM. Yes, sir, it has been completed.

Mr. NATCHER. How much did it cost?

Ms. HASHIM. About $30,000.

Mr. NATCHER. Just briefly now, what about your findings?

Ms. HASHIM. Unfortunately, we were not able to draw as many conclusions from the study as we had hoped to find. The reason for that seems to be that there is not a lot of documentation about cases.

After a decrease between 1975 and 1979, attempts to remove, restrict or alter materials and collections of public and school libraries increased, reaching a peak in 1982, and since 1983, those numbers have remained roughly constant, but they are still at a higher level than at any time since 1975.

Only about 15 percent of the attempts to remove materials are reported in the media. All regions of the country reported challenges and the challenges were reported by locales of all different sizes, and there wasn't much of a body of law about library censorship cases.There is a body of law now being developed because so many cases regarding school libraries have gone to the courts, but not so for the public libraries.

The number of challenges was higher for public school libraries than for public libraries. Public libraries were usually able to retain their materials. In the cases of school libraries, those materials were usually restricted, altered or removed.

Public school library materials were challenged more often than the classroom materials from the schools. Challenges in public libraries almost always came from individuals, not groups.

Libraries seemed to be developing more effective strategies to deal with censorship. One of our charges was to try to document how society was responding to the censorship attempts, and we found that there was little or no data existing on our society's response to this as a whole.

We will supply you with a copy of this.

CONTRACTING OUT OF LIBRARY SERVICES

Mr. **Natcher**. Has the Commission examined the issue of contracting out of library services by Federal agencies?

Ms. **Hashim**. No, we have talked about doing such a study.

Mr. **Natcher**. Good or bad idea?

Ms. **Hashim**. It depends. Some of our staff have been involved, and perhaps our Executive Director would like to speak to you about this.

Our staff has been involved with some of the other Federal agencies in holding meetings to discuss the issue, and I think what has surfaced from that is there may be some library functions that can be contracted out, but certainly not all of them.

Mr. **Natcher**. All right.

Ms. **Bearman**. We were asked by both Congressional staff and members of the staff of the Office of Management and Budget to help them in determining whether there are functions that are appropriate for contracting out and those that are inappropriate.

We have held a series of two meetings between the group members of the library community, the industry, Congressional staff, and staff of OMB, and anticipate a third as soon as a request for proposal that is out on the street is completed.

There are several types of functions such as shelving, and clerical work that are appropriate for contracting out, but there is great disagreement about whether reference services should be contracted out, and whether libraries in total should be contracted out.

The concern is the adverse impact that incorrect or incomplete information and reference work might have on decisionmaking.

My personal opinion is that reference services and research should not be contracted out, and that the total library services should not be contracted out.

That is my own personal opinion, based on the results of the first two meetings.

Mr. Natcher. Mr. Conte?

NCLIS IN PRESIDENT'S BUDGET REQUEST

Mr. Conte. Thank you, Mr. Chairman.

It is good to see you before the Committee again, Elinor. The Commission had a bit of a rocky road last year. I take the fact that you are included in this year's budget as a positive sign from downtown and elsewhere that the Commission is a valuable asset to our country.

When you negotiate with OMB, what selling points do you use? We know they are tough; they are asking us to cut back on funding at NIH by more than $400,000,000; student aid by about $1,000,000,000; vocational education cut in half. How do you convince them that with all those cuts the Commission's funds should be included?

Ms. Hashim. I should be perfectly honest with you. We did not convince OMB initially. Their initial recommendation to the White House was that we be zeroed out.

However, we appealed that decision not only to OMB, but to the White House before the budget was published, and I think we were able to convince them that we, indeed, should continue to exist.

FEDERAL FUNDING FOR LIBRARIES

Mr. Conte. Why do you think the proposal has come up again that all Federal funding under the Library Services and Construction Act, about $125,000,000 last year, should be terminated, but the Commission should be continued? Does that make sense to you?

Ms. Hashim. Well, I don't think it makes sense to zero out LSCA, but it makes sense for us to continue to exist. The Library Services and Construction Act is complementary to the kind of work that we do. We are not in competition with each other, and I think both are needed.

STUDY ON IMPACT OF FEDERAL FUNDS

Mr. Conte. Has the Commission ever done any studies on the impact of Federal dollars on the Nation's library system? As you know, this Subcommittee feels pretty strong about libraries, but the Administration keeps coming up and telling us that with the Federal share at only about 4 or 5 percent of overall funding, what is the point?

You are at the center of the library community. How important is the Federal commitment on libraries, and would they be able to pick up the slack if that LSCA money was cut off?

Ms. Hashim. No, I don't believe that they would. As I mentioned, I do think because of the situation at the Federal level, there is going to be more and more pressure at the State and local level for funding of all kinds of services, and the libraries will be competing with many, many others. I don't believe the State and locals can pick up the slack totally.

I think the Administration somehow feels that the Library Services and Construction Act has served its purpose, but in fact the continuation is really important, because you know of the things that have been accomplished with LSCA that would not have been accomplished otherwise. In these days of shrinking dollars on local and State levels, Title III resources make a big difference in certain areas. NCLIS would be happy to do a study on the impact of Federal funds on the nation's libraries.

BOOKMOBILE SERVICES

Ms. **Bearman**. I just wondered if I might add one point to that, sir? In New Mexico, the bookmobile services that had been paid for by local and State dollars were picked up by LSCA funding.

Without Federal funding, people living in rurally remote areas would not have the services that other people living within the towns would have.

LITERACY FUNDING

In the State of Kentucky, a literacy program was begun under LSCA funding. Now, it is my understanding, State funding has been added to it. The Federal funding was used to start a pilot program for the State, so it is now a State and Federal cooperatively-funded effort.

Ms. **Moore**. Mr. Chairman, that has also been the case in several other States that I happen to know about, and I would like to add something to what was said about the support of the Commission.

SUPPORT FOR NCLIS

The strongest support that we have for the Commission comes from the field. They feel that we are really valuable, and I imagine some of you maybe have heard from your constituents about this, because there was consternation in the library field last year when the President didn't include us in his budget.

This year, I think they rallied around and wanted everybody to know that the Commission was performing a valuable service.

Mr. **Conte**. If you think there was consternation when your Commission was zeroed out, you ought to see the consternation every year when they zero out library services and construction money.

FEDERAL LIBRARY CONSTRUCTION FUNDS

Ms. **Moore**. I can understand that. It is absolutely amazing what a small sum of $5 or $6,000 in construction money will do for a local community.

That sum will raise $15, $20, $25,000 in local and State money. The good that comes as a result of these small Federal dollars is just amazing. I expect it is more effective than almost any other program, because library services are close to all the people.

Mr. NATCHER. Hashim, we want to thank you and your associates for appearing before our committee at this time on behalf of your budget request for the fiscal year 1987.

The following questions were submitted to be answered for the record:

White House Conference on Library and Information Services Task Force

Mr. CONTE: The Commission helped conduct the 1979 White House Conference on Libraries and Information Services out of which was created a special White House Task Force on Libraries. What is the purpose of that task force?

Miss HASHIM: The establishment of the White House Conference on Library and Information Services Task Force (WHCLIST) implemented two of the 1979 White House Conference resolutions. The Task Force is a private organization whose purpose is to educate and instruct the public concerning library and information services and to encourage public discussion of financial needs and other related issues. They promote and monitor progress of the 64 resolutions adopted by the White House Conference on Library and Information Services at the national and state levels. They testify at state and congressional hearings on relevant issues, and promote citizen involvement in friends of libraries groups and other cultural organizations.

WHCLIST compiles an annual "Report from the States" that details progress towards implementation of the White House Conference resolutions. A national five-year review was prepared in 1984 and updated in 1985. In addition, WHCLIST sponsors awards every year for the Outstanding Legislator, the Outstanding Citizen and the Outstanding Publication of the year.

Mr. CONTE: Do you know how many people sit on that task force and how often it meets?

Miss HASHIM: WHCLIST's 118 voting members are elected by the original conference participants; half are public representatives and half professionals in the library/information field. There are two representatives from each state and territory. They meet annually and are responsible for communicating with the 100,000+ people who were involved in the 1979 White House Conference and preconferences.

WHCLIST also has Associate Members -- organizations, institutions, corporations, businesses and individuals -- who have agreed to assist in achieving the Task Force's objectives and who pay annual membership fees.

Aging

Mr. CONTE: What work does the Commission do with the Administration on Aging?

Miss HASHIM: The Commission works cooperatively with the Administration on Aging (AoA) in implementing the Memorandum of Understanding (MOU) that was signed in May 1985. The intent of the MOU is to foster increased collaboration between the network of state and Area Agencies on Aging and state library agencies and public libraries. Such action should result in expanded roles for local libraries as they serve the needs of older persons. Some positive outcomes of quarterly meetings between Staff of NCLIS and AoA have been :

- o State libraries were informed of the opportunity to apply jointly with other state agencies for Older Adult Literacy Awards under Title III of the Older Americans Act of 1965, as amended (OAA). Two of the 20 grants funded went to New Jersey and Colorado: in each case one of the collaborating agencies was the State Library.
- o The New Mexico State Library has received a grant under Title IV of the OAA to train public librarians to assist older adult learners.
- o The University of Arkansas at Little Rock, Center for Library and Information Science, received a grant under Title IV of the Older Americans Act, training and demonstration, to form a new coalition of professionals and paraprofessionals who would be introduced to library and gerontological skills, training them to return to their communities and sponsor programs utilizing the skills and information developed during the training sessions to better serve the older adult. These new linkages of library and aging personnel will also be used in developing cooperative community aging programs.
- o NCLIS and AoA are discussing the publication of a compendium of exemplary library programs of service to the older adult.
- o As a result of communications by NCLIS & AoA with their individual networks, NCLIS has received many inquiries from Area Agencies on Aging requesting information on how to begin cooperating with their local public libraries.

Mr. CONTE: Have you been able to specifically target problems for the elderly and come up with solutions to them?

Miss HASHIM: Studies have shown that the elderly most often require library information and referral services on income, transportation, health problems and care, housing, nutrition, homemaker services, employment, consumer needs, legal problems, companionship, and nursing home care. While these may also be concerns of people in general, they may be critical for the elderly. It is hoped that cooperative programs between the public library and various community organizations serving the elderly will provide information and referral services to alleviate these problems. For example, programs on health, consumer education, and adult education can be offered at the library, senior citizen homes, nutrition sites, or other places where the elderly gather.

Mr. CONTE: What special techniques are used by libraries to reach our senior citizens, and what improvement in that system would you still like to see?

Miss HASHIM: Traditional outreach services to the elderly in a community have provided:

(1) large print materials to be used by persons with visual handicaps; (2) equipment to magnify print materials; (3) equipment to convert print to voice (Kurzweil Reader) for the visually impaired; (4) talking books and other services from the National Library Service for the Blind and Physically handicapped; (5) extension service to the homebound or institutionalized; (6) group programs for book talks, discussion groups, movies, crafts, poetry, creative writing, music appreciation, and oral history development.

Bookmobiles, books-by-mail and Cable TV have also been utilized to bring services or programs to the elderly who are homebound or institutionalized.

We believe that the cooperation we are encouraging between libraries and Area Agencies on Aging will be most beneficial in demonstrating how the use of specific library services for the elderly can enhance the quality of life for this large segment of our population.

Further improvement in the system for reaching senior citizens could be brought about by continued LSCA awards and funding under the Older Americans Act for library programs targeted to senior citizens. In addition, the publication and wide dissemination of the compendium of exemplary library programs for the elderly and increased publicity for the cooperative programs the Commission initiated with both AoA and ACTION could improve the system by describing successful efforts and encouraging more cooperation at the local and state levels.

As we noted last year, we would also like to see more staff development and training of library professionals and support staff working with the older adult. In addition we feel that the use of older adults as volunteers to work with other older adults can be increased.

Censorship

Mr. CONTE: The Commission began a study of censorship in public and school libraries in FY 1985, which I believe is due sometime this year. When do you expect to get that out?

Miss HASHIM: The study of censorship in public and school libraries was delivered to the Senate Appropriations Subcommittee on Labor, Health & Human Services, and Education on 1 April 1986. A copy of the complete report is included earlier in this hearing record.

Mr. CONTE: Can you tell us a little about that report, and how big a problem censorship has posed in our libraries?

Miss HASHIM: The censorship report provided an analysis and summary of publicly available data on censorship in public and public school libraries during the past decade. Among the conclusions and findings are the following:

- after a decrease between 1975 and 1979, attempts to remove, restrict, or alter materials in the collections of public and school libraries increased, reaching a peak in 1982. Since 1983 the numbers have remained roughly constant although at a level higher than at any time since 1975.

- only about 15 percent of the attempts to remove library materials are reported in the media.
- all regions of the country reported challenges and the challenges were reported by locales of all sizes.
- a substantial body of law is being created about public school library censorship cases, but no such body of law exists for public library censorship cases.
- the number of challenges was higher for public school libraries than for public libraries consistently across the decade.
- challenged publications included materials for all grade levels and a wide range of types of publications.
- public school library materials were challenged more often than classroom materials.
- challenged materials in public libraries were usually retained, but in school libraries they were usually restricted, altered, or removed.
- while a 1980 national study indicated that formal written policies do affect the outcome of challenges, for school libraries responding from a four state survey, there appeared to be no clear relationship between adoption of formal written policy and retention of challenged material.
- challenges to materials in public libraries almost always came from individuals and not groups.
- libraries are developing more effective strategies to deal with censorship attempts.
- there exists little or no data regarding society's response to censorship attempts involving public and school libraries.

Finding and Using Information

Mr. CONTE: We've also talked in the past about the Commission's Role in looking for changes that may be desirable in our education system in order to promote the development of skills for finding and using information effectively. A skill badly needed by our kids in an information rich age. What kinds of recommendations have you come up with in this area and are you looking to publish anything on this?

Miss HASHIM: The Commission's activity in this area focuses on establishing a nationwide program for the recognition of outstanding projects that teach information finding and using skills.

The purpose of the recognition program is to heighten the awareness of educational professionals at all levels of the need to teach the skills of finding and using information effectively. Although details of the program have not yet been developed, we expect to develop the program in cooperation with the library/information profession and chief educational officers. The Commission plans to convene an ad hoc committee of educators and library and information specialists to determine criteria for recognition.

The first major step in addressing this area is to identify as clearly as possible the issues, questions, and problems related to the development of these skills. NCLIS has enlisted the services of three experts who have volunteered their time to prepare a concept paper which describes information finding and using skills as part of the education process and defines the role of the school library media program in educating children. This paper will be published in the School Library Media Quarterly in the fall of 1986.

Reports

Mr. CONTE: How many various types of reports did you publish, or assist in publishing in FY 1985, and what are you projecting for this year?

Miss HASHIM: During Fiscal Year 1985 the Commission published three major reports in addition to its Annual Report. NCLIS also published several articles in professional journals to inform the library/information community about its work and concerns. The major reports deal with Information and Productivity, Rural Information Needs, and Fees for Library and Information Services. They provide an overview of issues and recommendations for action in these three areas of current interest and concern. A description of the reports and a list of 1985 articles are appended.

During Fiscal Year 1986, NCLIS will publish a concept paper and bibliography on the topic of Basic Skills for Finding and Using Information. Another 1986 publication will provide a summary of the May 1986 meeting on The Role of Information in the Economy. (This is a product of the Commission's continuing work on Information, Technology, and Productivity). The 1985 NCLIS study on the roles of fees, together with responses from the library/information community, will be published in two different professional publications during 1986. An article on the Commission's technology transfer for literacy project will be published in Library Trends, as will an article on information policy by an NCLIS staff member. A continuing series of articles on the Commission's work is scheduled to be published in the Wilson Library Bulletin.

Number of Information Professionals

Mr. CONTE: How many people in this country work in library or information services jobs?

Miss HASHIM: It is currently estimated that about 2 million information professionals work in settings such as libraries and information centers, information clearinghouses, publishing companies, broadcasting operations, and educational institutions. These are professional workers who spend the greatest proportion of their time in organizing or processing information, managing information programs and systems, performing information research and development.

and educating or training information workers and users. In 1980 the Occupational Survey of Information Professionals, completed by King Research, Inc., attempted to identify the "hard core" of professionals who manage, design, operate, and control the resources and processes that comprise the information sector of the U.S. economy. This survey established an estimated population of 1.64 million information professionals in the U.S. at that time. As part of the Commission's program to examine The Role of Information in the Economy, we have organized a small conference to be held May 26-28, 1986, with private sector support. The results of this conference are expected to include current detailed information on the number of people employed in information-related activities, and we will be pleased to provide this information as soon as it is available.

Mr. CONTE: Is that number increasing at an annual rate?

Miss HASHIM: The number of information professionals is dramatically increasing as we make the transition from the industrial age into the information age. About 100 years ago, five percent of the U.S. work force was engaged in the information sector; this increased to about one-third of the work force by the 1950's and is estimated to be nearly one-half at the present time. This is a highly significant trend with important implications for our economy, our educational and employment structures, and our society as a whole.

Private Sector Support

Mr. CONTE: What is the value of the private sector support the Commission receives?

Miss HASHIM: In FY 1986 the Commission has received private sector support at a value of nearly $50,000. By the end of the fiscal year we hope to have obtained an additional $60,000 worth of support.

Mr. CONTE: Do you have any figures to compare this year to last year?

Miss HASHIM: FY 1985 was an exceptional year for the Commission in that we obtained over $850,000 in computer hardware, software, database access, publications, in-kind services such as donated time of senior level experts, and other resources from the private sector. Most of these resources supported the development of the NCLIS Information Center. The value of private sector contributions of in-kind services to the Commission has varied over the years, but is usually in the range of $50,000-$100,000 per year.

Mr. CONTE: How many different organizations contributed to the Commission? Have you been able to increase those numbers at all?

Miss HASHIM: This year to date over sixty organizations and individuals have contributed time, goods, and services to the Commission. Last year's contributors, which numbered more than 65 organizations, were primarily in support of the NCLIS Information Center.

Since its beginnings the Commission has obtained the volunteer services of experts in the library/information community; their donation of time and travel costs is substantial. What has changed during the past few years is that an increasing number of organizations have been willing and eager to contribute to NCLIS projects. These contributions have been in the form of time, grants, equipment, materials, and services. These resources are used to supplement the tax-supported programs of the Commission. While outside resources can enhance the information center and improve the technology available to NCLIS, the basic support must continue to come from tax dollars to insure objective and impartial advice.

LSCA

Mr. PORTER: What has been the Commission's role with regard to providing assistance on reauthorization of the Library Services and Construction Act (LSCA)?

Miss HASHIM: Over the past few years, the Commission provided technical assistance to the Congress on the reauthorization of LSCA by gathering information from members of the library/information community regarding their needs and ideas for the new legislation. NCLIS assisted the House Subcommittee on Postsecondary Education with a series of hearings held across the country, during which more than 200 witnesses testified on the needs of libraries for federal assistance and encouragement through LSCA. The Commission also assisted in the hearings held by the Senate Subcommittee on Education, Arts and Humanities. The new law includes a number of specifications recommended by the Commission.

Adult Illiteracy

Mr. PORTER: Has the Commission been active on the problem of adult illiteracy?

Miss HASHIM: In addition to being a member of the Coalition for Literacy, the organization responsible with the advertising Council for the three year media campaign "Volunteer Against Illiteracy", and cooperating with the Department of Education Adult Literacy Initiative, NCLIS has been involved in a number of important literacy programs. These include the following:

1. NCLIS initiated an adult literacy project with the Department of Defense/Department of the Army to transfer technology developed by the military to public library literacy programs, under the Stevenson-Wydler Act. The project used a computer assisted instruction (CAI) program developed at the Navy Personnel Research and Development Center.

   Two demonstration sites were selected: one at the Pimlico Branch of the Enoch Pratt Free Library in Baltimore, Maryland, and the other at the Mary H. Weir Library in Weirton, West Virginia. The volunteer tutors developed units of instruction targeted to the needs of the students, and these units were then transcribed into machine-readable form at the Carnegie-Mellon University Communication Design Center. The Pratt Library chose consumer awareness as its subject area and subsequently added driver education at the request of students. Actual tutoring using CAI began in November 1984 and the trial period ended in March 1985. The Weir Library chose money management for its subject area and began their pilot study in December 1984 and completed it in April 1985. The two libraries exchanged programs thereby offering more choices to their students. Early reports showed high student motivation and growing competence in the area of computer literacy.

The interest and potential success of this technology transfer led to a proposal from a group in Pittsburgh composed of the Carnegie Library of Pittsburgh, The Carnegie-Mellon University, the University of Pittsburgh, and the Greater Pittsburgh Literacy Council to establish a Computer-Based Adult Literacy Instruction Program based on the Baltimore and Weirton models but with additional enhancements. The Commission organized a meeting of individuals from these groups, the State Librarian, state education officers and representatives from the Departments of Defense and Education, the private sector, and NCLIS. The group discussed ideas for the proposal and how the public and private sectors could work together. We are excited about this probable extension because it takes our demonstration project several steps further and is a cooperative venture that will aid in economic development by upgrading reading skills so that students can compete more favorably in the job market.

Some of the conclusions reached at the end of the demonstration project were:

a. The LaSCAI program can be used cost effectively in library-based literacy education programs utilizing volunteer tutors.

b. LaSCAI should be supplemented with concurrent individual tutoring.

c. There must be an adequate support structure and training for the tutors to ensure successful application of LaSCAI.

d. Additional program modification and documentation are necessary before LaSCAI is extended to other libraries.

e. A single locus is necessary for further implementation in order to:

--administer the application of the LaSCAI program for other libraries;

--serve as a clearinghouse for program discs developed by users of LaSCAI;

--obtain resources and direct continuing R&D needed to improve and expand the utilization of LaSCAI in adult literacy programs.

2. NCLIS has served in an advisory capacity to the National Council on Aging for the conduct of its "Literacy Education for the Elderly Project," a two year Fund for the Improvement of Postsecondary Education (FIPSE) award project.

3. NCLIS has given technical advice to AoA in the development of a request for proposals in the area of literacy for older adults.

4. NCLIS is cooperating with the Office of Private Sector Initiatives. Department of HHS, as they develop a Parent Enrichment Program to be tested at 20 Head Start sites nationally. The objective is to increase literacy among the parents thereby breaking the chain of intergenerational illiteracy. We will give technical advice on educating key Head Start staff on the resources to be found in libraries to aid them in the operation of the demonstration program.

5. NCLIS is providing advice to Project Literacy U.S. (PLUS) the ABC/PBS joint effort to eliminate adult functional illiteracy.

6. The Commission is assisting the Appalachian Foundation in identifying key adult literacy prgrams in the Appalachian region.

Technology

Mr. PORTER: What has happened in the last year with regard to the application of technology to library services? Is there a lot of activity in this area?

Miss HASHIM: This past year, as in most previous years, there has been considerable activity in the area of the application of technology to library services. A large number of libraries have selected systems to automate their card catalogs and circulation systems. Some of the larger libraries are undertaking major retrospective conversion projects to convert their older cataloging records to machine-readable form. Through online catalogs and networks, an increasing number of libraries are able to identify cataloging by another library, thus avoiding costly duplication of effort. Under a cooperative program called the Linked Systems Project, three major networks and the Library of Congress are working to link together existing networks, drawing in part on an earlier NCLIS study with the National Bureau of Standards, A Computer Network Protocol for Library and Information Science Applications. Successful implementation of the Linked Systems Project will result in a national database of library holdings.

Searching of databases and the number and sizes of databases and systems have continued to increase dramatically. Intelligent gateways and front-end systems to improve the ease of searching and to provide a single entry point for many databases and systems are becoming more prevalent and are being refined.

In addition, the use of optical disk technology, in particular the compact disk-read only memory (CD-ROM), has increased as more products and services targeted to the library market become available. Indexing services, a compendium of software in the public domain, and encyclopedias are among the products already available on compact disk.

Unfortunately the resources needed to acquire and use the exciting technologies are often limited, and many libraries are not yet able to take advantage of the technologies. As a result we may see an increased imbalance among libraries in affluent communities and those with more limited resources.

White House Conference on Library and Information Services

Mr. PORTER: There is a resolution pending in Congress calling for a White House Conference on Library and Information Services. What role is the Commission playing in this conference and what are to be the goals of the conference?

Miss HASHIM: To begin planning for that Conference the Commission established the White House Conference on Library and Information Services Preliminary Design Group composed of members from the state, local, and federal levels. The representatives were chosen from the Chief Officers of State Library Agencies (COSLA), the White House Conference on Library and Information Services Task Force (WHCLIST) and NCLIS. They were given four specific charges:

1. Make recommendations on the kinds of appointments which should be made by the President, Senate, House and NCLIS to the 30 member National Advisory Committee (National Conference Committee), taking into consideration minority representation and geographic distribution.

2. Prepare a preliminary design which will recommend the scope and focus of the Conference.

3. Frame the different alternatives for financing the Conference, and

4. Initiate planning for the schedule of events leading to the Conference

The report, unanimously endorsed by NCLIS at our December 1985 meeting, recommends three overarching themes for the proposed 1989 White House Conference:

Library and Information Services: -for Productivity
-for Literacy, and
-for Democracy

The pending Congressional resolutions mandate that the Conference be planned and conducted under the direction of NCLIS. As of this date, there are 119 sponsors in the House and 21 in the Senate.

Access to Library Resources

Mr. PORTER: How are we doing in the area of access to library resources?

Miss HASHIM: Access to library resources in this country has improved, but the major concern continues to be the necessity to provide equal opportunity of access for all citizens. As our Vice-Chairman has stated so eloquently, "We would like the sheepherder in Montana to have the same level of access to library and information services as the person who lives two blocks from the New York Public Library." In the age of electronic information, anybody in the country with access to a computer with a telephone hookup can have access to an enormous amount of information. Libraries, especially public libraries, play a key role: they can make information about their collections, and in many cases the full text of documents, available electronically to users in their own community. Through resource sharing and networking they can provide access to the works of thousand of other libraries' collections.

Where information cannot be accessed electronically user needs may not be as well served. Because of limited resources, many communities do not have the dollars needed to buy software and equipment, pay telecommunications charges, and learn how to use the technologies.

The Commission's goal has always been to improve public access to information. We have studied how technology, fees, and living in the rural areas of our community affect access, and have developed programs for different types of libraries to provide community information and referral services and to participate in networking and resource sharing. One of our most important ongoing programs is how federal information can best be made available to citizens. We have seen progress over the years, but our job to emphasize the need for improvement is far from done.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Appropriation Estimate

Fiscal Year 1987

Salaries and Expenses

For necessary expenses for the National Commission on Libraries and Information Science, established by the Act of July 20, 1970 (Public Law 91-345), $690,000

(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1986.)

March 1986

FISCAL YEAR 1987 SALARIES AND EXPENSES

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NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Salaries and Expenses

1986			1987		
Authorization	Pos.	Post Sequester Appropriation	Authorization	Pos.	Appropriation Estimate
$750,000	11	$660,000	$750,000	11	$690,000

PURPOSE

The National Commission on Libraries and Information Science (NCLIS), a permanent, independent agency in the Executive Branch, is charged in Public Law 91-345 with the responsibility for advising the President and the Congress on the development and implementation of national policy in the library and information field, developing overall plans for meeting national library and information needs, and coordinating activities at the federal, state, and local levels in meeting those needs. The Commission accomplishes this mandate by initiating projects to provide the foundation for major policy-making. It also monitors the library and information-related programs and activities of numerous agencies and organizations in order to track new developments and find opportunities to contribute to results and incorporate them into its own programs. The Administration has recommended funding for the Commission in FY 1987 of $690,000.

The Commission operates in four program areas: Access to Information; Improving Library and Information Services to Meet Changing Needs; Information Technology and Productivity; and Policy, Planning and Advice. In FY 1987 the Commission plans to concentrate its efforts on a small number of major programs. The Commission's four major thrusts in FY 1987 are: 1) promote information-finding skills, 2) strengthen library and information services for local governance, 3) improve the productivity of knowledge workers, and 4) improve the dissemination of government information. A discussion of our FY 1987 plans follows. Major objectives accomplished in FY 1985 and planned for accomplishment in FY 1986 are included to show both continuity and new initiatives.

SUMMARY OF FY 1987 OBJECTIVES

ACCESS TO INFORMATION

- Establish a nationwide recognition program of outstanding information skills development projects.

- Examine the implications of these projects for teacher and library education.

- Continue to work with federal agencies to improve statistical data collection and dissemination of value to library/information community.

IMPROVING LIBRARY AND INFORMATION SERVICES TO MEET CHANGING NEEDS

- Identify and promote exemplary partnerships between libraries and local governments.

- Continue to encourage more cost effective flow of information from the federal government for local use in decision-making.

- Continue to encourage inclusion of libraries of all types in the celebration of the bicentennial of the Constitution.

- Synthesize information on user needs and work with library/information community to identify and meet top priorities.

INFORMATION TECHNOLOGY AND PRODUCTIVITY

- Continue to work with the U.K. and Canada to implement recommendations from the July 1984 and the 1986 conferences, help conduct the proposed October 1986 and May 1987 conferences, and to share information on the use of information to increase productivity and innovation.

- Prepare summary of means by which effective use of information can help improve the productivity of government knowledge workers and implications of this for the private sector and disseminate widely.

POLICY, PLANNING AND ADVICE

- Encourage the Administration and Congress to focus on major information policy issues.

- Continue to work to improve the dissemination of government information.

- Continue to improve Commission ability to advise the Administration and the Congress on policy and planning in the library and information services arena.

DISCUSSION OF FY 1987 PROGRAMS

1. ACCESS TO INFORMATION

This program area is concerned with providing current and useful information to the citizens of this country.

a. Major Thrust - The report of the Commission on Excellence in Education, **A Nation at Risk**, and other reports suggest that computer science is so important that it should be considered a basic requirement for high school graduation. NCLIS believes that the more fundamental skill is the ability to find and use information effectively; the ability to use the computer is an important part, but only a part of this more fundamental skill. In January 1984, the Commission unanimously adopted a statement emphasizing "the importance of the role of library and information resources to underpin all of learning and . . . the essential skills and experience involved in finding and using information effectively."

In FY 1986, NCLIS will complete its work on defining this skill and will have identified what has already been done to promote development of information skills within schools.

In FY 1987, the Commission will work with the Department of Education and the private sector to establish a nationwide program for recognition of outstanding projects that teach information-finding and using skills. The purpose of the recognition program is to develop widespread awareness among school librarians/media center directors and school administrators of the importance of school libraries in undergirding the curriculum and the contributions they can make to education, especially in response to deficiencies that were enumerated in **A Nation at Risk**. The Commission will work in collaboration with the library/information community, including the American Association of School Librarians division of the American Library Association, the Chief State School Officers, and other groups in the private sector, to design the program.

Objectives

FY 1985-86

-Prepare concept paper on the development of skills in finding and using information effectively.

- Begin assessment of current situation and trends in instructional role of school library media centers.

- Promote importance of information-finding and using skills to support lifelong learning through forums of school librarians/media center directors and school administrators.

FY 1987

- Establish nationwide recognition program of outstanding information skills development projects.

- Examine the implications of these projects for teacher and library education.

b. Other Major Initiatives - The Commission has been actively involved in bringing together representatives of the library and information community with statistics-gathering agencies in the U.S., primarily the Center for Statistics (formerly the National Center for Education Statistics) and the Bureau of the Census, to identify data needed and to improve the dissemination of these important data. The Commission plans to intensify these efforts.

In addition, as part of our ongoing work with OMB, Congress, and the Federal Library and Information Center Committee (FLICC) to determine which federal library services are appropriate for contracting out to the private sector, the Commission will assist in establishing better ways to measure federal library performance.

Objectives

FY 1985-86

- Work with OMB, Congress, FLICC, and others to develop and improve measures of federal library performance.

- Intensify efforts with the Center for Statistics, the Bureau of the Census, and the library/information community to identify data needed and improve the dissemination of the data.

FY 1987

- Continue to work with federal agencies to improve statistical data collection and dissemination of value to library/information community.

c. Other Objectives - For several years the Commission has been collecting and disseminating information about the role of fees in providing library/information services. During FY 1985, the American Library Association and the Association of Research Libraries are assuming responsibility for implementing recommendations from a report the Commission published in 1985. By 1987 our role will have become one of monitoring what the library/information community is doing to implement the recommendations from this important work.

2. IMPROVING LIBRARY AND INFORMATION SERVICES TO MEET CHANGING NEEDS

This program area is concerned with meeting the library/information needs of specific groups of users.

a. Major Thrust - An overall thrust of the Commission is to strengthen the local library/information center as a primary resource for government officials and citizens about subjects, problems and issues that are important to their communities. Many libraries have always served as resources for information about public issues and policies. However, for some libraries, primarily those serving small populations, this has not been an area of major emphasis. As almost wholly tax-supported, nonthreatening institutions, public libraries should have an essential role in providing information to assist with: (1) the making of public policy; (2) making informed choices among candidates for public office, political parties, proposals of various interest groups, and applicants for appointment to governmental positions; (3) decisions about provision of governmental facilities and services; and, (4) strengthening problem-solving capabilities of government. In 1986 the Commission began investigating what role libraries play in assisting local governments. In FY 1987 NCLIS will identify exemplary partnerships between libraries and local governments. The long range goal of this program is to use a national forum to be convened in 1989 to establish a nationwide priority for local libraries to become a viable resource for information about public issues and policies.

Objectives

FY 1985-86

- Begin analysis of the availability of information for governance at the local level and role of the library in providing that information.

- Begin an analysis of ways to provide a more cost effective flow of information from the federal government for local use in decision-making.

- Encourage inclusion of libraries of all types in the celebration of the bicentennnial of the Constitution.

FY 1987

- Identify and promote exemplary partnerships between libraries and local governments.

- Continue to encourage more cost effective flow of information from the federal government for local use in decision-making.

- Continue to encourage inclusion of libraries of all types in the celebration of the bicentennial of the Constitution.

b. Other Major Initiatives - The Commission has conducted several significant user needs studies, which include a number of important recommendations. NCLIS will synthesize these studies in FY 1986-87 to provide the information needed to assess more effectively the changing library and information needs of users, especially the elderly and cultural minorities.

Objectives

FY 1985-86

- Begin preliminary analysis of recommendations on user needs from prior NCLIS studies.

FY 1987

- Synthesize information on user needs and work with library/information community to identify and meet top priorities.

c. Other Objectives - For several years the Commission has been concerned about library/information services for special populations, from both a user's and service provider's point of view. By 1987 our role will have become one of monitoring the response of the library/information community and others to the leadership we have provided in this area. The special populations served include: the nation's elderly, cultural minorities, and rural citizens. The services include networking for information sharing and increasing private sector support for educational programs in the library and information field.

3. INFORMATION TECHNOLOGY AND PRODUCTIVITY

This program area is concerned with the effective use of information to improve productivity.

a. Major Thrust - In April 1984, a report was presented to the President on the results of the White House Conference on Productivity. The section on managing information captures the essence of how knowledge or information workers can become more productive. In the "Findings and Recommendations" section of the report, a summary statement about the role of government states the following: "Overall, improving productivity in government is not very different from improving productivity in the private sector. Government is mostly a corps of information workers and the increasing attention being paid to this growing segment of the private sector work force is transferable to government operations as well. Using information assets, technology, quality and innovative work practice techniques will help government managers in this task."

In summary, information resources management (IRM) is the key to helping government knowledge workers work more productively. With appropriate information technology available, the task to be accomplished is to apply technology properly to reach this goal.

Objectives

FY 1985-86

- Implement information-related recommendations from the White

House Conference on Productivity.

- Implement the recommendations from the first U.S./U.K. meeting on Information and Productivity.

- Plan and conduct second information conference with representatives from the U.S., U.K., and Canada.

FY 1987

- Continue to work with the U.K. and Canada to implement recommendations from the July 1984 and the 1986 conferences, help conduct the proposed October 1986 and May 1987 meetings, and to share information on the use of information to increase productivity and innovation.

- Prepare summary of means by which effective use of information can help improve the productivity of government knowledge workers and implications of this for the private sector and disseminate widely.

4. POLICY, PLANNING AND ADVICE

This program area is concerned with national and international library/information policy issues.

a. Major Thrust - One of the most important information policy concerns for NCLIS has been and will continue to be the need to improve the dissemination of government information. Helping to make these valuable resources available when and where they are needed is a cornerstone of many of NCLIS' programs, such as information for governance.

In addition, the issue of effective dissemination of government information has been a priority for both the Executive and Legislative branches this year, and is likely to remain an important issue into the foreseeable future. The main concerns in this area are: a) a widespread belief that many citizens are not getting the information produced by the government that they need; b) the prices citizens and libraries must pay for certain publications are considered to be too high; and c) policies governing how government information should be gathered, produced, managed, organized, and disseminated have been inadequate and, at times, confusing and conflicting with other policies. Related to this is the problem of determining the appropriate roles of the government (federal, state, and local) and the private sector (both for-profit and not-for-profit) in the dissemination of government information. NCLIS' efforts in FY 1986 are directed at working with the Executive and Legislative branches on their efforts to coordinate the policies of OMB, the Joint Committee on Printing, and the Government Printing Office to improve the dissemination of government information. In 1987, we will continue these efforts and encourage the Administration and Congress to focus on major information policy issues.

Objectives

FY 1985-86

- Continue to assist federal agencies as needed in developing information policies and particularly the Office of Management and Budget in implementing the Paperwork Reduction Act and developing information policy circulars.

- Review recommendations and policy guidelines in the Domestic Council Committee on the Right to Privacy's 1976 Report to the President, **National Information Policy**. Update background information and charts and provide a forum for discussion of selected issue areas.

- Intensify efforts to improve the dissemination of government information.

FY 1987

- Encourage the Administration and Congress to focus on major information policy issues.

- Continue to work to improve the dissemination of government information.

b. Other Major Initiatives - The Commission has the mandated and ongoing responsibility to advise the Administration and the Congress on policy issues of concern to the library/information community.

Objectives

FY 1985-86

- Develop seminars to improve the Commission's ability to advise the Administration and the Congress on policy and planning in the library and information services arena.

- Complete study of the extent of censorship in public and school libraries over the past ten years.

FY 1987

- Continue to improve the Commission's ability to advise the Administration and the Congress on policy and planning in the library and information services arena.

c. Other Objectives - The Commission will continue to advise the Executive and Legislative branches on key information policy issues, such as contracting out of library services. Also, the Commission will continue to work with the library/information community to implement the resolutions of the 1979 White House Conference on Library and Information Services. As part of its ongoing work in the international area, NCLIS will continue work with the Department of State and USIA to assure effective U.S. government involvement in international library/information activities.

AMOUNTS AVAILABLE FOR OBLIGATION

Post Sequester Estimate Pos.	Post Sequester Estimate Amount	Estimate Pos.	Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
11	$660,000	11	$690,000	--	+$30,000

Personnel Summary

	1986 Estimate	1987 Estimate	Increase or Decrease
Number of full-time permanent positions	9	9	--
Full-time equivalent of all positions	11	11	--

Oligations by Object Class

	1986 Post Sequester Estimate	1987 Estimate	Increase or Decrease
Personnel compensation:			
Full-time permanent	$332,000	$346,000	+$14,000
Other than full-time	94,000	102,000	+ 8,000
Subtotal, personnel comp.	426,000	448,000	+ 22,000
Personnel Benefits	45,000	47,000	+ 2,000
Travel	44,000	48,000	+ 4,000
Standard level user charge	52,000	60,000	+ 8,000
Rental payments to others	23,000	9,000	- 14,000
Communications and utilities	20,000	20,000	--
Printing and reproduction	3,000	6,000	+ 3,000
Other services	32,000	40,000	+ 8,000
Supplies and materials	11,000	12,000	+ 1,000
Equipment	4,000	--	- 4,000
TOTAL OBLIGATIONS	$660,000	$690,000	+$30,000

Effect of FY 1986 Funds Sequester

Under the authority of the Balanced Budget and Emergency Deficit Control Act, $30,000 were sequestered from the Commission's FY 1986 appropriation of $690,000. To accommodate this $30,000 decrease, the Commission has reduced salaries by $7,000 and other expenses (primarily travel, rental payments to others, and communications and utilities) by $23,000.

Increases over FY 1986 Post Sequester Estimate

Compensation and benefits for permanent staff (full time and part time) increases approximately 4% each year because of automatic step increases.

Compensation for Commissioners (Other than full-time permanent) - The number of Commissioner salary days will increase to allow for increased participation in NCLIS projects.

Travel - Commissioner travel will increase as Members participate in more projects.

Standard level user charge - GSA has advised the Commission that its rent will increase by 13% in FY 1987.

Printing and Reproduction - Although the Commission found a publisher for its Annual Report this year, it cannot expect a similar donation next year.

Other services - The increase in other services will provide a small amount of outside assistance to conduct the Commission's programs.

Decreases over FY 1986 Post Sequester Estimate

Rental payments to others - By 1987 the Commission will own its mini-computer and will no longer have to rent its office automation equipment.

Supplies and materials - The price of subscriptions and other publications that are essential to the Commission's operations will be more expensive next year. However, the Commission will continue to seek donations of library materials to keep its supplies and materials low.

Equipment - The Commission anticipates no equipment purchases in FY 1987.

APPENDIX A

COOPERATIVE ARRANGEMENTS WITH OTHER AGENCIES AND ORGANIZATIONS

Access to Information

Department of Education: National Center for Education Statistics - During FY 1985 NCLIS has continued to advise and assist NCES on data collection from libraries.

Council on Library Resources - In FY 1985 the Council on Library Resources helped support the assessment of the role of fees in providing library and information services.

Office of Technology Assessment - During FY 1985 and 1986 NCLIS will assist OTA with its study on Federal Government Information Technology. NCLIS staff will comment on the various phases of this study as requested by OTA.

Improving Library and Information Services to Meet Changing Needs

Department of Agriculture - in FY 1985, USDA helped NCLIS plan a National Advisory Board on Rural Information Needs (NABRIN) by detailing a program officer to the NCLIS staff. USDA is working with NCLIS to implement the recommendations of the NABRIN planning group.

Department of Health and Human Services: Administration on Aging - During FY 1985 NCLIS signed an interagency agreement with the Administration on Aging to promote library and information services to the elderly. FY 1986 plans call for interagency cooperative efforts to improve library and information services to the elderly. The Commission sees this as a continuing relationship.

ACTION - In FY 1985 NCLIS negotiated an interagency agreement with ACTION to promote the use of older volunteers in libraries.

Department of Defense: Army Human Engineering Laboratory - In FY 1985 NCLIS continued work with the DOD on a technology transfer project. Using a computer-assisted instruction program developed by the Navy, the project tested whether a microcomputer program designed to instruct new military recuits who lack basic reading skills can be successfully used with adults in community volunteer literacy programs based in public libraries. NCLIS, a co-director of the project, helped identify the test sites and the advisory committee which oversees the project. Work will continue into FY 1986. A consortium of organizations in Pittsburgh is seeking funding for a project that will expand the technology developed for the NCLIS/DOD adult literacy demonstration projects.

Information Technology and Productivity

In FY 1985, AT&T Bell Laboratories, with the assistance of several other private sector groups, developed a library/information center for NCLIS. The corporations contributed computer and telecommunications hardware and software and publications to the Commission, who demonstrated the center at an international meeting in August 1985. More than 40 other corporations donated materials and services to the center.

Policy Planning and Advice

Office of Technology Assessment - During FY 1985 and 1986 NCLIS will assist OTA with its study on Intellectual Property Rights. NCLIS staff will comment on the various phases of this study as requested by OTA.

Department of State - Beginning in FY 1983, NCLIS became the Secretariat for the U.S. National Committee to the UNESCO General Information Program. The Department of State called upon NCLIS to advise in developing plans for alternatives to UNESCO in the library and information area and for advice on other activities and programs in the library and information field. The Commission will continue to provide assistance on the role of the U.S. library/information/archives community in international activities.

USIA - Beginning in FY 1984, NCLIS has assisted USIA revitalize and strengthen its book and library-related programs abroad. The U.S. Books Abroad Task Force, of which NCLIS is a member, was established at the request of the National Security Advisor. The purpose of the task force is to plan ways to strengthen U.S. book and library programs abroad.

Office of Management and Budget - At OMB request during FY 1985 and 1986 the Commission conducted meetings with OMB officials, Congressional staff, federal librarians, and potential contractors to discuss the advisability of contracting federal library services. The Commission is also working closely with OMB and the Joint Committee on Printing on the development of guidelines for executive branch agencies for the depositing of government documents in depository libraries and on ways to improve access by the public to government publications.

APPENDIX B

APPROPRIATION HISTORY

	To Congress	House Allowance	Senate Allowance	Appropriation
1977	517,000	517,000	493,000	493,000
1977*	117,000	117,000	117,000	117,000
1977**	15,000	15,000	15,000	15,000
1978	607,000	598,000	598,000	598,000
1979	683,000	660,000	683,000	660,000
1980	668,000	668,000	668,000	668,000
1980**	18,000	18,000	18,000	18,000
1981	691,000	691,000	691,000	691,000
1982	702,000	702,000	702,000	674,000
1983	--	674,000	674,000	674,000
1984	553,000	553,000	674,000	674,000
1985	690,000	690,000	720,000	720,000
1986	--	--	690,000	690,000
1986***	-30,000			
1987	690,000			

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* Transition Quarter Funding

** Pay Supplemental

*** Sequestered Funds

APPENDIX C

MEMBERS OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

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(Chairman)
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Mrs. Barbara Taylor
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Mr. William J. Welsh
Deputy Librarian of Congress
The Library of Congress
Washington, D.C. 20540

Mrs. Julia Li Wu
Head Librarian
Virgil Junior High School
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Los Angeles, California 90026

FORMER COMMISSION MEMBERS

Andrew A. Aines, Former Director, Office of Scientific and Technical Information, U.S. Department of Energy, Washington, D.C.

Helmut Alpers, Executive Vice President, Gartner Group, Stanford, Connecticut

Mr. Gordon Ambach, President, University of State of New York and Commissioner of State Education Department, Albany, New York 12234

William O. Baker, Former Chairman, Bell Telephone Laboratories, Murray Hill, New Jersey

Joseph Becker, President, Becker and Hayes, Inc., Santa Monica, California

Charles Benton, Chairman, Public, Media Inc., 5547 North Ravenswood Avenue, Chicago, Illinois 60640

Frederick Burkhardt, Former President, American Council of Learned Societies, Box 1067, Bennington, Vermont 05201

Robert W. Burns, Jr., Assistant Director of Libraries for Research Services, Colorado State University, Fort Collins, Colorado

Carlos A. Cuadra, President, Cuadra Associates, Inc., Santa Monica, California

Harold Crotty, Former President, Brotherhood of Maintenance of Way Employees- Detroit, Michigan (DECEASED)

Leslie W. Dunlap, Former Dean, Library Administration, The University of Iowa Libraries, Iowa City, Iowa

Martin Goland, President, Southwest Research Institute, San Antonio, Texas

Joan H. Gross, New York City, New York

Mrs. Paulette H. Holahan, Deputy Judicial Administrator for Public Information, Louisiana Supreme Court, 109 Supreme Court Building, New Orleans, Louisiana 70112

Clara S. Jones, Former Director, Detroit Public Library and Former President, American Library Association, Oakland, California

John Kemeny, Former President, Dartmouth College, Hanover, New Hampshire

Francis Keppel, Former U.S. Commissioner of Education, Cambridge, Massachusetts

Marian P. Leith, Former Assistant Director and Former Program Director, State Library, Raleigh, North Carolina

Louis A Lerner, Former Ambassador to Norway, and Publisher, Lerner Home Newspapers, Chicago, Illinois (Deceased)

John G. Lorenz, Former Deputy Librarian of Congress, Washington, D.C.

L. Quincy Mumford, Former Librarian of Congress, Washington, D.C. (Deceased)

Frances H. Naftalin, President, Minneapolis Public Library Board, Minneapolis, Minnesota

Ralph A. Renick, Vice President/News Director, WTVJ News, Miami, Florida

Catherine D. Scott, Special Assistant to the Director of Libraries, Smithsonian Institution, Washington, D.C.

Phillip A. Sprague, Businessman, Chicago, Illinois

Horace Tate, Georgia Association of Educators, and State Senator, Atlanta, Georgia

John E. Velde, Jr., Businessman, Hollywood, California

Margaret S. Warden, Member, Montana State Advisory Council for Libraries North, Great Falls, Montana

Mildred E. Younger, Member, Board of Directors, Los Angeles Library Association, Los Angeles, California

Alfred R. Zipf, Former Executive Vice President, Bank of America, San Francisco, California

THURSDAY, APRIL 17, 1986.

NATIONAL COUNCIL ON THE HANDICAPPED

WITNESSES

SANDRA S. PARRINO, CHAIRPERSON
LEX FRIEDEN, EXECUTIVE DIRECTOR
JUSTIN W. DART, JR., MEMBER
H. LATHAM BREUNIG, Ph.D., MEMBER

Mr. NATCHER. At this time, we take up the budget request for fiscal year 1987 for the National Council on the Handicapped.

We have before the committee Ms. Parrino. Tell us who you have with you at the table there?

Ms. PARRINO. Good morning, Mr. Chairman.

With me is Dr. Latham Breunig and Mr. Justin Dart, Jr., members of the National Council on the Handicapped; and our Executive Director, Lex Frieden.

Mr. NATCHER. We are delighted to have all of you before the committee, and will be pleased to hear from you at this time.

OPENING STATEMENT

Ms. PARRINO. Thank you, Mr. Chairman, and distinguished members of the subcommittee. We appreciate the opportunity to appear before you on behalf of the National Council on the Handicapped to present our budget request for 1987.

As you are well aware, Congress has charged the Council with reviewing all laws, programs and policies of the Federal Government which affect persons with disabilities, and with making such recommendations as it deems necessary to the President, the Congress, the Rehabilitation Services Administration and the National Institute of Handicapped Research.

Although many government agencies relate to the needs and concerns of people with disabilities, the National Council on the Handicapped is the only Federal agency with such a broad and cross-cutting responsibility.

The Rehabilitation Amendments of 1984 required the Council to examine the state of affairs of Federal policies that affect the lives of people with disabilities.

The National Council has issued an extensive report, titled *Toward Independence.* We have brought some copies of that report. It is with great pleasure that we present our report to you at this time.

Toward Independence summarizes the Council's findings and presents 45 legislative recommendations, reflecting the Council's consensus on the issues addressed. More than 2,000 persons with disabilities, parents of disabled children, professionals and service providers in all the 50 States were involved in the process of developing this report.

In conjunction with the report, the Council initiated the first ever Harris poll which was commissioned by the International Center for the Disabled in New York.

The Harris poll, titled "Disabled Americans' Self-Perceptions," resulted from telephone interviews with 1,000 persons with disabilities from across the United States. The results of the study are fascinating and provide substantive information.

We have brought a copy of the initial results.

Very briefly, I would like to mention a few highlights from the poll. First, the good news: An overwhelming majority of disabled Americans believe that life has improved for disabled people in the past decade, and disabled Americans strongly endorse Federal Government efforts to give better opportunities to disabled people.

However, the bad news is startling: Disabled Americans have far less education, as a group, than do non-disabled Americans. Forty percent of all disabled persons did not finish high school. This proportion is nearly three times higher than in the non-disabled population.

Second, disabled Americans are much poorer than are non-disabled Americans. Half of all disabled persons—50 percent—report household incomes for 1984 of $15,000 a year or less. Among non-disabled Americans, only 25 percent have household incomes in this bracket.

Third, not working is perhaps the truest definition of what it means to be disabled. Two-thirds of all disabled Americans between the ages of 16 and 64 are not working. No other demographic group under 65 has such a small proportion working, including young blacks.

Fourth, a large majority of those not working say that they want to work. Sixty-six percent of working-age disabled persons who are not working say that they would like to have a job.

Fifth, the survey findings suggest that, in general, benefits are going to the right people. The group receiving benefits tends strongly to have less education and less money, and to be more severely disabled than other disabled people.

Sixth, most disabled persons are not familiar with some of the most widely available services for disabled people, and a 53-percent majority of disabled persons feel that it is difficult to find out about these services.

Seventh, the last item I will mention: A clear-consensus of disabled persons, 74 percent, believe that anti-discrimination laws that protect minorities should also protect disabled persons.

The National Council will be analyzing the implications which the survey has for Federal policies and programs affecting persons with disabilities.

To fulfill our unique and important mission, the Council is requesting $850,000 for fiscal year 1987. We believe that this amount is consistent with the scope and depth of our responsibilities.

Our request includes sufficient funds to meet the legislated mandate of the Council.

In fiscal year 1987, the Council will be involved in several significant projects. For example, the Council will work with the Social

Security Administration and private insurance companies to develop rational, cost-effective solutions to the problems that individuals with disabilities face in obtaining adequate medical insurance.

We also intend to examine issues related to the abuse of disabled people in nursing homes, long-term care facilities and other institutions.

We also plan to review the status of enforcement of rights of people with disabilities and to ascertain the degree to which discrimination may prevent disabled people from achieving employment. We will use the startling results of the Harris poll in regards to the extraordinarily high rate of unemployment among people with disabilities as a basis for developing recommendations designed to produce a national plan to increase employment opportunities for disabled people.

Of course, we will continue to follow up on and to refine the 45 legislative recommendations contained in our report, *Toward Independence.*

At this point, Mr. Chairman, I would like to acknowledge the important role and volunteer efforts of people with disabilities, parents, service providers, researchers and other experts who have been advising the Council.

We are committed to involving people with many different points of view as we work to identify problems and construct rational solutions to those problems. In order for the Council to benefit from the experience and advice of people who are ultimately affected by the Council's recommendations, we have committed ourselves to ongoing communications between the Council and the disabled community.

With the approval of our budget request for fiscal year 1987, the Council will continue to utilize our public forums, task force meetings, advisors, and ongoing consultations with volunteer experts. By involving people with disabilities in all aspects of the Council's work, you can be assured that the recommendations that we have for you and the Administration will present realistic solutions to real problems.

Mr. Chairman, members and staff of the subcommittee, we thank you for this opportunity to present this statement. I am pleased to represent the members of the National Council on the Handicapped, all of whom have contributed countless hours of their own time and have worked tirelessly to help improve the quality of life for all Americans with disabilities.

I would like to add that because of our superb staff under the remarkable leadership of our Executive Director, Lex Frieden, we have been able to produce *Toward Independence* in a timely and efficient manner. We will continue to be productive.

We would be happy to answer any questions that you may have. Thank you.

[The biographical sketches follow:]

NATIONAL COUNCIL ON THE HANDICAPPED

BIOGRAPHICAL SKETCH

SANDRA S. PARRINO

Sandra S. Parrino, of Briarcliff Manor, New York, was appointed Chairperson of the National Council on the Handicapped in 1983 by President Reagan. She has been actively involved in issues concerning disabled people for many years. Her 20 year old son, Paul, has been severely physically disabled for most of his life. She is best known as a spokesperson for parents of disabled children, as a panelist, lecturer, lobbyist, and organization official.

Mrs. Parrino serves on numerous boards and councils. She has been director for the Office of the Disabled in Ossining and Briarcliff Manor, New York; she has served on the board of Westchester County Homes for the Retarded; and she has been a member of the New York State Assembly Task Force on the Disabled, which reviews pending legislation in the State of New York. Through her efforts, many local advances have been made to improve accessibility for disabled people, such as setting up transportation services and installing voting machines for disabled persons, fundraising to provide interpreter services for deaf people; and supervision of the school district's compliance with Federal regulations. Her major interest since becoming a member of the Council has been promoting independence and equality for people with disabilities.

Mrs. Parrino is also a member of the board of Parent Chain, and has served as an American representative to the United Nations and UNICEF for International Year of Disabled Persons. She is currently the North American Vice President of Rehabilitation International, a worldwide service, information, and advisory organization.

NATIONAL COUNCIL ON THE HANDICAPPED

BIOGRAPHICAL SKETCH

JUSTIN W. DART, JR.

Justin W. Dart, Jr. resides in Fort Davis, Texas, and Washington, D.C. A wheelchair user since 1948, he has been active as an advocate for the rights of disabled and disadvantaged persons for more than 30 years. He has served as Chairman and as a member of the Texas Governor's Committee for Persons with Disabilities (1980-85), as Chairman of the Governor's Long Range Planning Group for Texans with Disabilities (1982-83), and as Vice Chairperson of the National Council on the Handicapped (1982-85). He continues to serve as a member of the Texas Council on Disabilities.

Mr. Dart founded Japan Tupperware (a division of Dart Industries, now Dart and Kraft) in 1963, and served as its President until 1965. From 1968 to the present, he and Mrs. Dart have operated a private independent living program; more than 70 disabled and nondisabled persons have spent from six months to four years in their home, before moving on to successful programs of education and employment.

Mr. Dart received his B.S. and M.A. degrees from the University of Houston in 1953-1954, and attended the University of Texas Law School 1955-56. He has edited two books of poetry, and has authored papers on the philosophy and administration of independent living programs. He served as coordinator and lead editor of the Long Range Plan for Texans with Disabilities, and the National Policy for Persons with Disabilities.

NATIONAL COUNCIL ON THE HANDICAPPED

BIOGRAPHICAL SKETCH

H. LATHAM BREUNIG, Ph.D.

H. Latham Breunig, Ph.D., resides in Arlington, Virginia. He is retired from Eli Lilly and Company, Indianapolis, Indiana. At age three, Dr. Breunig had a 25 percent hearing loss, and at age seven his loss of hearing was 95 percent. He attended Wabash College, Indiana; earned his Ph.D. in Chemistry from Johns Hopkins University; and also studied at Purdue University, Indiana, in the field of Statistics and Quality Control.

Among the many organizations where Dr. Breunig has been active are the President's Committee on Employment of the Handicapped; the American Statistical Association; the Clarke School for the Deaf; and the Alexander Graham Bell Association for the Deaf, where he has served on the Board of Directors for the past twenty-four years, two of them as President. He founded Telecommunications for the Deaf in 1968, and was Chief Executive Officer until 1978. He has been active in the development of oral interpreters for deaf people.

Special awards presented to Dr. Breunig have included the President's Committee on Employment of the Handicapped Commendation by President Johnson in 1967; Sertoma International, Midwest Region, Services to Mankind in 1968; Sagamore of the Wabash (Governor Branigin of Indiana) in 1969; and, Telephone Pioneers, Honorary Member, in 1973. In 1977, Teletypewriters for the Deaf, Inc. made him the first recipient of its H. Latham Breunig Award. Dr. Breunig was honored by Wabash College in 1984 with its Alumni Award of Merit.

NATIONAL COUNCIL ON THE HANDICAPPED

BIOGRAPHICAL SKETCH

LEX FRIEDEN

Lex Frieden is Executive Director of the National Council on the Handicapped, an independent Federal agency located in Washington, D.C. The Council is a fifteen member body appointed by the President and confirmed by the Senate. The Council is charged by law with reviewing all laws, policies and programs affecting people with disabilities and making recommendations to the President and the Congress.

Prior to assuming his present position, Mr. Frieden was Director of the Independent Living Research Utilization project at The Institute for Rehabilitation and Research and assistant professor of rehabilitation at Baylor College of Medicine, Houston, Texas.

A graduate of Tulsa University, Mr. Frieden has been honored as a Distinguished Alumnus. He also holds a master's degree in social psychology from the University of Houston. He has done additional graduate work in rehabilitation psychology at the University of Houston with support from an SRS doctoral fellowship, and he has been awarded a World Rehabilitation Fund Fellowship to study programs for disabled people in Europe.

Mr. Frieden, a quadriplegic due to spinal cord injury, has been involved in the organization of several groups of disabled individuals including the American Coalition of Citizens with Disabilities, the Coalition of Texans with Disabilities, and the Houston Coalition for Barrier Free Living.

Working in the independent living movement by severely disabled people since the early 1970's, Mr. Frieden has published several books and papers on independent livng. He served as a consultant panel member for the United States House of Representatives' Committee on Science and Technology from 1976 through 1978, and he prepared the background paper on Community and Residential Based Housing for the White House Conference on Handicapped Individuals in 1977. He was honored by the U.S. Jaycees in 1983 as one of America's Ten Outstanding Young Men.

COUNCIL ACHIEVEMENTS

Mr. NATCHER. Ms. Parrino, the National Council on the Handicapped has been in existence, as you know, for about two years. What do you consider to be the Council's principal contributions during this period of time?

Ms. PARRINO. In the two years that we have been an independent Federal agency, we have spent a good deal of that time, first, in staffing and setting up the National Council on the Handicapped as a brand new agency.

The Council produced and disseminated a "National Policy for Persons with Disabilities" and, after that was done, we began to work on *Toward Independence,* the report that I have just mentioned.

The report is made up of 10 topic areas, and under those topic areas, there are 45 legislative recommendations. This is primarily what we have been doing in the last two years.

INDEPENDENT AGENCY STATUS

Mr. NATCHER. I believe you served as Chairperson prior to the Council becoming independent. In your opinion, what difference has your status as an independent agency made in the operation of the Council?

Ms. PARRINO. In gaining our independence, we have become an autonomous body. We have fewer restrictions, and we are able to look at more issues than we were before.

Under the Department of Education, we were expected to spend most of our time dealing with vocational rehabilitation, special education, and rehabilitation research. We have been authorized now to look at many more issues, as one can see in the report which addresses housing, transportation, and prevention, and many other topics.

EMPLOYMENT

Mr. NATCHER. Does the Council's mission include the area of employment opportunities for disabled persons?

Ms. PARRINO. One of the 10 topics in our report is entitled "Employment." As I mentioned, because of the results of the Harris poll, we are all the more determined now to deal with this appalling problem of unemployment.

Sixty-six percent of disabled people between 16 and 64 are unemployed; that is a shocking figure, and we hope to do something about that.

Mr. NATCHER. Before I yield to my friend, Mr. Conte, do any of these gentlemen at the table want to present statements?

Ms. PARRINO. Mr. Dart has joined us. Dr. Breunig?

Dr. BREUNIG. Thank you, Mr. Chairman.

When we were in the Department of Education, we were not independent, but now that we are independent, we feel we have much more freedom to investigate, and look into the various areas of disability issues.

It is a great relief to us.

Mr. CONTE. Mr. Chairman—go ahead, I am sorry.

Mr. **Natcher**. No, you go right ahead. I yield to you.

Mr. **Conte**. I just got excited because I wanted you to know, Mr. Chairman, that Dr. Breunig is Vice Chairman of the Board, on the Board of Trustees at Clarke School for the Deaf in Northampton, in my District. They receive no Federal funds. It is a great school.

I have spoken at their graduations down there, and we are proud to have you, Dr. Breunig.

Dr. **Breunig**. Thank you, sir.

TOWARD INDEPENDENCE

Mr. **Natcher**. Mr. Conte.

Mr. **Conte**. I would like to welcome the representatives of the National Council on the Handicapped on their second appearance before this Subcommittee. Ms. Parrino, your presence was missed last year, but I want you to know that your colleagues at the table there did an outstanding job.

Ms. Parrino, that is a pretty comprehensive report that the Council just released, 600 pages, I am told.

Ms. **Parrino**. It was, including the appendix.

Mr. **Conte**. Can you pick out three or four of the major recommendations you have made and tell us a little about them? As the Chairman always says, we can use all the help we can get.

Ms. **Parrino**. I will just, if I may, mention the 10 topics that the Council decided on:

Equal opportunity laws; employment; disincentives to work under Social Security laws; prevention of disabilities; transportation; housing; community-based services for independent living; educating children with disabilities; personal assistance, which is attendant services, readers and interpreters; and coordination.

The National Council is going to meet in May, and by that time, our staff will have prepared implementation proposals on all of the 45 recommendations.

At that meeting, members of the Council and the staff will prioritize those 45 implementation recommendations.

We are going to look at them as short-range, medium-range, or long-range, in terms of feasibility and cost.

Mr. **Conte**. How much did that report cost?

Mr. **Frieden**. It would be difficult, without doing an extensive cost assessment, to tell you exactly how much the cost of the report itself was. The budget of the Council last year was $750,000. A considerable portion of the efforts of the Council's work last year, as was stated, was invested in the production of this report. I would say a substantial portion of the Council's budget was attributed toward production of the report last year.

Mr. **Conte**. Do you know how many copies you have made?

Mr. **Frieden**. We have produced and distributed roughly 5,000 copies of the report thus far, and we have another 5,000 which are pending delivery at this date.

LEGISLATIVE REVIEW

Mr. **Conte**. At the start of this Session of Congress, I introduced legislation to amend the capping formula in the Education of the

Handicapped Act, H.R. 4043., I don't think it is covered in that report of yours.

Does the Council review and make recommendations on all legislation affecting the disabled, and if so, can you review my legislation for me and issue a recommendation?

Ms. **Parrino**. We are unable to make recommendations on all legislation. As you know, we have an Executive Director and a staff of seven. We are certainly interested in reviewing all legislation, and we do have a committee on the Council which is called the Children's Services Committee. I am sure that the committee and staff person for the committee would be very interested in reviewing your legislation, and we would certainly be happy to work in coordination with your staff.

Mr. **Conte**. I would appreciate that.

Can you tell us what role you have played in the reauthorization of the Rehabilitation Act? Have you made some recommendations to the authorizing committees that might be of interest to us here on Appropriations?

Ms. **Parrino**. Yes, we did. We called together two groups of experts, one for the reauthorization of the Rehabilitation Act, and one for the reauthorization of the Education of the Handicapped Act.

Those working groups were made up of experts from around the country, and members of our own Council and our staff, and we did present recommendations to Congress for both reauthorizations Mr. Conte.

Mr. **Frieden**. Mr. Conte, we would be glad to provide you and the members of the subcommittee with copies of those reports that we offered to the authorizing committees of both the Rehabilitation Act and the Education of the Handicapped Act.

Mr. **Conte**. I would appreciate that. I was going to ask if you had copies, and if we could have them. Very good.

NIHR POLICY

Mr. **Conte**. Last year, you told us you were still developing your strategy for advising the National Institute of Handicapped Research. Have you developed a formal policy with them yet, and can you tell us how that relationship works?

Ms. **Parrino**. Mr. Frieden will comment on our efforts regarding that subject.

Mr. **Frieden**. We have been in the process of developing a means of reviewing, on an ongoing basis, the policies of the National Institute of Handicapped Research.

We have met with the Director of the National Institute of Handicapped Research, and the Assistant Secretary of the Office of Special Education and Rehabilitative Services on a routine basis during the past year to discuss this issue, and the Council called together a group of experts in January to discuss the implementation of the Council's efforts to routinely advise the National Institute of Handicapped Research on policies which affect rehabilitation research.

We will be producing in this fiscal year a report on the policies of the National Institute of Handicapped Research, and making certain recommendations to them about a revision of the policies under which they presently operate.

OMB

Mr. **Conte**. You negotiate directly with OMB?

Ms. **Parrino**. Our agency does, yes.

Mr. **Conte**. I nicknamed the former Director as the Young Slasher. I have not got a new name for this one. I got to start working on that. Anyway, you must have some charm with those guys down there, because you are one of the few agencies up here with an increase. Why don't you tell the chairman and I your secret? We need some increases here.

Ms. **Parrino**. I don't think any other agency wants to do the difficult job of reviewing policy and setting priorities.

COUNCIL MEETINGS

Mr. **Conte**. How many Council meetings will be held in 1986? And how many will you be able to hold under this request for 1987?

Ms. **Parrino**. We are mandated to have four a year, and we usually don't have any more than that because it is very expensive to have a meeting. We will have one here in Washington in a few weeks.

Mr. **Conte**. Four last year?

Mr. **Frieden**. Four formal meetings of the Council were held in FY 1985. In addition, the Council met on two other occasions to discuss the recommendations to be contained in our report, *Toward Independence*.

NATIONAL FORUMS

Mr. **Conte**. What is the purpose of the national forums sponsored by the Council?

Ms. **Parrino**. The National Council is dedicated to improving the quality of life for handicapped people, and the experts on that are disabled people themselves.

We feel that we are trying to represent all disabled people in the country. We will have a forum in a particular city and invite disabled people and service providers to come in and talk to us about the problems facing disabled people.

It was from those forums that we were able to make some very important decisions on the topics that are in this report, based on what disabled people told us they were having problems with.

Mr. **Conte**. I think it is a good idea. I will submit my other questions for the record.

NIHR

Mr. **Natcher**. Mr. Dwyer?

Mr. **Dwyer**. I just have one question, to follow up on Mr. Conte's question.

You have input into the National Institute of Handicapped Research, and you develop priorities there. How do you think that the administration's proposed reduction for NIHR will affect your set of priorities?

Ms. PARRINO. It is hard for me to answer that, because we have not established our priorities regarding the implementation of recommendations in our report. We will know these probably towards the end of May. We will have a better idea of what the full Council wishes to do.

As I mentioned before, we are very concerned about the employment issue, that there is such a high rate of unemployment, and that the majority of unemployed disabled Americans do want to work.

Therefore, I think we are interested in seeing NIHR tie in with that employment problem, but we really have to wait until the full Council meets next month and decides on our priorities for implementation.

Mr. FRIEDEN. If I may clarify our role in regard to the National Institute of Handicapped Research, the Council is mandated to set and review general policies of that Institute, and it is that agency's responsibility to establish their own priorities. The Council is mandated to establish the general policies of the agency.

We are most concerned about the way in which that agency does in fact establish priorities, and there is no doubt that the relationship between funding for research directly affects the ability to produce research results.

Mr. DWYER. Thank you, Mr. Chairman.

NCH PRIORITIES

Mr. NATCHER. Mr. Pursell?

Mr. PURSELL. Thank you.

We are happy to see you here, and I agree with Mr. Conte, you are one of the unique agencies that does very well with the budget process here in Washington.

Maybe you might want to write a book about it. Briefly, reviewing your nice report, I think it is well done, and I understand of those 10 categories you were looking at, you have not established a real priority.

How will you proceed to do that, internally with your staff and leadership, policy-wise, and establish priorities like unemployment, which you mentioned as possibly a high priority?

Ms. PARRINO. We have asked the staff to prepare concept papers for the implementation of each of the 45 recommendations. That will be probably a one-page concept paper for each one.

These will be sent to the members of the National Council by the beginning of May. They will have about two weeks to study them. When they come into Washington for the quarterly meeting, they will go over these papers with the staff and working together, will come to some conclusions and decisions about prioritization of the recommendations.

Mr. Frieden?

Mr. FRIEDEN. Thank you.

Mr. Pursell, as you know, in order to implement and follow up on the implementation of 45 specific legislative recommendations, a lot of work is required.

Mr. **Pursell**. That is what I was getting at.

Mr. **Frieden**. Given the limited resources of the Council, we need to make some very hard judgments about which ones of those 45 recommendations are the most likely to achieve success, if we invest an effort in following through on the implementation. Our estimation of the amount of time and effort involved, and the likelihood of success in implementing certain of the recommendations, will give us direction in terms of which ones to focus on.

There are two principal themes that run through this report. One of those deals with equal opportunity, and if you have an opportunity to examine in detail the recommendations contained in the report, you will see that many of them relate in one way or another to the theme of equal opportunity for people with disabilities.

The second predominant theme relates to independence for people with disabilities. We believe community-based programs that facilitate independence for people with disabilities are the most cost-effective means of providing disabled people the opportunity to make choices about their own lives.

EMPLOYMENT DATA

Mr. **Pursell**. Those of us who have been familiar with some of the programs, which I have seen in my State, as a former state legislator, talked about the number of work disabled persons. What number are you using in your report?

Mr. **Frieden**. Roughly 12.9 million people between the ages of 16 and 64 reported a work disability.

TRANSITION

Mr. **Pursell**. So, you are suggesting then, I am getting some clues that maybe one of your higher priorities could be, or might be—I am not trying to influence your group in any way—the opportunity to work independently, and you mention in your report the transition of planning, to help facilitate a disabled person working in the workplace. When you said independent efforts, to help facilitate a planning, a transition, are you talking about making it easier for somebody to have transportation, housing, getting to and from the job?

Is that what you mean by that transition?

Mr. **Frieden**. Absolutely.

For severely disabled people, living involves more than simply employment, and for a person with a severe disability to have a job, that person must also have transportation, attendant assistance, appropriate housing, so forth.

There is a real concern, and I think the members of the Council have expressed that clearly, about the need to provide effective transitions from school to the workplace for people who are disabled. Agencies such as the Michigan Rehabilitation Services, under the capable leadership of Peter Griswald, have begun to demonstrate how to provide those kinds of transition experiences and assistance to people.

Those are the kinds of efforts that we believe can be reinforced through legislation.

Mr. PURSELL. When you say effective transition, do you mean if an individual in a particular community is employable, could work, but does not have transportation service to and from a job, that is part of that transition?

I am not quite clear on that.

Ms. PARRINO. We have tremendous integration, mainstreaming going on throughout the country for children. It is an entitlement program that gives them a public education, or access to one, until they are anywhere between 18 and 21, or they graduate from high school.

Then we have nothing really. Then it falls apart. They are all dressed up with nowhere to go. We have to be concerned about this tremendous problem.

I have a son who is a quadriplegic, who is 20, and I still don't know if he will ever hold a job. It is a tremendous problem facing the schools, and as you know, we only spend about $3,000,000,000 on rehabilitation and special education, whereas the Federal Government spends over $57,000,000,000 on other programs, most of which are dependency-related.

Mr. PURSELL. Elementary to secondary, there is continuity there, with voc. tech, say. So you do have fairly good transition there, eventhough you can improve that.

After the age of graduation or thereabouts, 19, 20, there is no continuous management system or agency or any placement centers, it falls apart for everybody, I guess.

Maybe our efforts should be addressed to how to develop some continuity in those critical areas to get a person into a job professionally.

Ms. PARRINO. Right. I would hate to say how many 21-year-olds have to go to nursing homes. It is depressing enough to think maybe at the age of 70 or 80 of entering a nursing home, but even more so when you are 18. Disabled people are forced to go there that is where the services are, and they can't afford to have a van, an attendant, or all the things that you need when you leave school.

Very often, people are forced into institutional living.

Mr. PURSELL. Outside of State services that are available, the State you are in, can a local community find a stable management system, whether it be the city, or maybe a community college in their region that we could find to help alleviate that breakdown?

To me, that seems to be the most critical part, at that age level, from 18 to, say, 25. If we get through that transition somehow in a nice way, can't we get people integrated into a job and a home and pretty well on their way to a full, more fulfilling type of professional career?

That seems to be the area that needs a lot of attention.

Ms. PARRINO. That is a critical age, not just for youngsters who have been disabled most of their lives, but that seems to be the age when there are more spinal cord injuries, and young men are the ones who sustain most of these, through sports, automobile accidents, motorcycles, etc.

The American Paralysis Association has said 19 to 25 year olds, mostly males, are the persons most likely to experience spinal cord injuries.

Mr. PURSELL. I am thinking of some in my community, that an individual graduating from high school who is disabled has few places to turn to to get any kind of additional help, no place to turn—we seem to be saying, "Well, you are on your own now—and it is a hard, cruel world out there, and there doesn't seem to be anywhere for you to go."

I always wondered why high schools can't have some follow-up. Once they give them a diploma, they say they are finished with the individual. To me, it seems like washing your hands of the responsibility because of the law, and so forth, but placement centers seems to be the key to me.

Somehow, a high school, community college, city, township or community ought to have some kind of a mechanism there for a placement role. I see that, I notice in your report, you are interested in that, too.

Ms. PARRINO. This need is substantiated in the Harris poll. I just mentioned a few areas, but it gives quite a lot of detail. For example, the disabled American socializes less—goes out less; such social legislation is substantiated in this poll, unfortunately.

Mr. FRIEDEN. One of the most encouraging developments in the last few years has been the development of the Independent Living Centers around the country. The Council has invested a good deal of effort in terms of examining the success of those Independent Living Centers, and has encouraged additional funding of those centers by the Congress, and reinforced authorizations for those Independent Living Centers.

PCEH

Mr. NATCHER. Ms. Parrino, our committee also reviews the budget for the President's Committee on Employment of the Handicapped. How would you distinguish your role and the Council that you serve on in employment activities with that of the President's Committee?

Ms. PARRINO. The National Council on the Handicapped is mainly a policymaking body, and we are also mandated to make legislative recommendations. That is our role. I am really not that familiar with the President's Committee's Executive Order.

Mr. NATCHER. Your Council is made up of people who have a great deal of experience with disability programs. Based on this experience, do you consider the President's Committee to be effective or ineffective in promoting employment opportunities for the disabled?

What would you say about that, Ms. Parrino? Or would you like to say?

Ms. PARRINO. I don't think the Council has an opinion. I am aware of the President's Committee. I do not have any information as to how effective they are. You probably know more than I do.

Mr. NATCHER. We hear from time to time from different sources, that the President's Committee should be abolished. Is the Council prepared to assume additional responsibilities if the President's Committee is abolished?

Ms. PARRINO. The National Council prides itself on being a small, lean agency. We think that is the way we can be most effective.

Mr. NATCHER. All right.

Ms. PARRINO. We have 15 members who donate a tremendous amount of volunteer time, and the two members with me today have donated thousands of hours, as have many other members, and that is one of the ways we accomplish the things we do.

We certainly have heard talk of mergers, and putting groups together. If such a thing is contemplated, in keeping with our feelings about our own size and productivity, we would like to have a few months to present a plan.

We would want to be able to develop a plan on how to do something like that, because we do not necessarily think increased numbers are going to make us more efficient.

Mr. NATCHER. If the President's Committee is abolished, would it require more money for your Council to operate?

Ms. PARRINO. If some of the responsibilities that the President's Committee presently has are transferred to the National Council, I suppose that the Council would require more money. We certainly are happy that Congress asked us to do this report, but when they asked us to do it, they didn't give us any money to do it. We just did it. It depends on what tasks are given to us as to whether we need further funds.

BUDGET REQUEST

Mr. NATCHER. The fiscal year 1987 request for the Council of $850,000 is 16 percent above the amount currently available.

If your budget were frozen at the 1986 level of $732,000, what activities would you have to cancel?

Ms. PARRINO. We would be able to keep our staff, and have four meetings a year. We would not be able to have contracts with outside people in order to accomplish some of the things that we do.

We feel that just the employment issue alone is going to take consulting with certain experts around the country. The Council members give their time very freely. However, contracts do not work that way, so we would have to do away with contracts and outside people.

We would probably not be able to work with our consumer advisors. I don't think we would be able to have our national forums.

STAFF AND COUNCIL MEMBERS

Mr. NATCHER. Are all of the Council staff and member positions currently filled?

Ms. PARRINO. Yes.

Mr. NATCHER. Insert in the record at this point a list of all Council members and staff with a short biographical sketch of each individual, and also include the grade and pay for each staff person.

[The information follows:]

Biographies of Members of The National Council on the Handicapped

Sandra S. Parrino

Sandra S. Parrino, of Briarcliff Manor, New York, was appointed Chairperson of the National Council on the Handicapped in 1983 by President Reagan. She has been actively involved in issues concerning disabled people for many years. Her 20 year old son, Paul, has been severely physically disabled for most of his life. She is best known as a spokesperson for parents of disabled children, as a panelist, lecturer, lobbyist, and organization official.

Mrs. Parrino serves on numerous boards and councils. She has been director for the Office of the Disabled in Ossining and Briarcliff Manor, New York; she has served on the board of Westchester County Homes for the Retarded; and she has been a member of the New York State Assembly Task Force on the Disabled, which reviews pending legislation in the State of New York. Through her efforts, many local advances have been made to improve accessibility for disabled people, such as setting up transportation services and installing voting machines for disabled persons, fundraising to provide interpreter services for deaf people, and supervision of the school district's compliance with Federal regulations. Her major interest since becoming a member of the Council has been promoting independence and equality for people with disabilities.

Mrs. Parrino is also a member of the board of Parent Chain, and has served as an American representative to the United Nations and UNICEF for the International Year of Disabled Persons. She is currently the North American Vice President of Rehabilitation International, a worldwide service, information, and advisory organization.

H. Latham Breunig, Ph.D.

H. Latham Breunig, Ph.D., resides in Arlington, Virginia. He is retired from Eli Lilly and Company, Indianapolis, Indiana. At age three, Dr. Breunig had a 25 percent hearing loss, and at age seven his loss of hearing was 95 percent. He attended Wabash College, Indiana; earned his Ph.D. in Chemistry from Johns Hopkins University; and also studied at Purdue University, Indiana, in the field of Statistics and Quality Control.

Among the many organizations where Dr. Breunig has been active are the President's Committee on Employment of the Handicapped; the American Statistical Association; the Clarke School for the Deaf; and the Alexander Graham Bell Association for the Deaf, where he has served on the Board of Directors for the past twenty-four years, two of them as President. He founded Telecommunications for the Deaf in 1968, and was Chief Executive Officer until 1978. He has been active in the development of oral interpreters for deaf people.

Special awards presented to Dr. Breunig have included the President's Committee on Employment of the Handicapped Commendation by President Johnson in 1967; Sertoma International, Midwest Region, Service to Mankind in 1968; Sagamore of the Wabash (Governor Branigin of Indiana) in 1969; and Telephone Pioneers, Honorary Member, in 1973. In 1977, Teletypewriters for the Deaf, Inc. made him the first recipient of its H. Latham Breunig Award. Dr. Breunig was honored by Wabash College in 1984 with its Alumni Award of Merit.

Robert V. Bush, C.P.O.

Robert V. Bush, Certified Prosthetist and Orthotist, resides in Albuquerque, New Mexico, and is a Clinical Associate with the New Mexico Medical School. He is presently chairperson of the University of New Mexico Medical Center Board of Trustees, and is a member of both the Heights General Hospital Board of Trustees, and the New Mexico Multiple Sclerosis Society Board of Directors. He has been active with the VA prosthetic/orthotic programs, as well as the Division of Vocational Rehabilitation. He is past chairperson of the Bernalillo County Mental Health, Mental Retardation Board of Trustees. He has also served as President of the American Orthotic/Prosthetic Association.

As a Prosthetic/Orthotic technician for Walter Reed Hospital, Mr. Bush did research on upper extremity prosthetics, particularly at Northrup Aircraft, setting up the plastic shops in five Army Amputee Centers. Later he was manager of A. J. Hosmer Corp., doing research, and was a leading manufacturer of upper extremity prosthetic components.

Justin W. Dart, Jr.

Justin W. Dart, Jr. resides in Fort Davis, Texas, and Washington, D.C. A wheelchair user since 1948, he has been active as an advocate for the rights of disabled and disadvantaged persons for more than 30 years. He has served as Chairman and as a member of the Texas Governor's Committee for Persons with Disabilities (1980–85), as Chairman of the Governor's Long Range Planning Group for Texans with Disabilities (1982–83), and as Vice Chairperson of the National Council on the Handicapped (1982–85). He continues to serve as a member of the Texas Council on Disabilities.

Mr. Dart founded Japan Tupperware (a division of Dart Industries, now Dart and Kraft) in 1963, and served as its President until 1965. From 1968 to the present, he and Mrs. Dart have operated a private independent living program; more than 70 disabled and nondisabled persons have spent from six months to four years in their home, before moving on to successful programs of education and employment.

Mr. Dart received his B.S. and M.A. degrees from the University of Houston in 1953–54, and attended the University of Texas Law School 1955–56. He has edited two books of poetry, and has authored papers on the philosophy and administration of independent living programs. He served as coordinator and lead editor of the Long Range Plan for Texans with Disabilities, and of the National Policy for Persons with Disabilities.

Joe S. Dusenbury

Joe S. Dusenbury lives in Columbia, South Carolina. He is past Chairperson of the National Council on the Handicapped. He has been with the South Carolina Vocational Rehabilitation Department since 1960, and has been Commissioner since 1976. He oversees a wide range of services necessary to rehabilitate physically and mentally handicapped individuals in the statewide network of more than one hundred offices and programs.

Mr. Dusenbury has had ten years experience as the principal of both elementary and junior high schools. While principal of a junior high school, he organized the first "ability groups" in the area, thus recognizing the special educational class for educable mentally retarded students on a secondary level.

As an active member of the National Rehabilitation Association (NRA), he has been both Program Chairperson of the Regional NRA and President of the Regional and National NRA. He has also been President of the South Carolina Vocational Education Association. He currently serves as Vice-Chairperson of the South Carolina Occupational Information Coordinating Committee and as Chairperson of the South Carolina Governor's Committee on Employment of the Handicapped.

Among his most notable awards for public service are: the Distinguished Public Service Award from the American Legion Department of South Carolina in recognition of outstanding contributions to his community, state, and nation; the National Rehabilitation Association President's Award for outstanding achievements on behalf of disabled persons; and the Mary E. Switzer Award for excellence in performance of rehabilitation leadership from the National Association of Rehabilitation Administrators. He is the only recipient of the Region IV RSA Commissioner's Award in recognition of his constant outstanding leadership in programs having a positive impact on the lives of disabled persons. In 1984 he was honored by having the new State Office Building, which houses the Vocational Rehabilitation Department, named the Joe S. Dusenbury Building in recognition of his determined efforts to improve opportunities for the state's disabled citizens.

John S. Erthein

John S. Erthein lives in Los Angeles, California, where he is currently the President of John S. Erthein, Inc., a public relations firm with offices in Los Angeles and Washington, D.C., and producer of the upcoming motion picture, *Monimbo*, from the book of the same title by Robert Moss and Amaud de Borchgrave. Mr. Erthein previously served as Vice President of Marketing for a major specialty greeting card publisher, Nu-Art, Inc., in Chicago, Illinois. Earlier, as a management consultant, Mr. Erthein successfully completed marketing assignments for numerous major clients in a variety of fields.

He is on the Board of Directors for the American Paralysis Association, an organization that has as its primary objective funding research for the nation's 500,000 spinal cord injured individuals and their families. Mr. Erthein, a graduate in Marketing from Columbia University, served as an officer in the United States Coast Guard, and was Security Officer and Public Information Officer for his unit in New York.

He was Assistant for Finance for Citizens for the Republic, when Ronald Reagan chaired that organization. Subsequently, he assisted in setting up the fundraising organization for the 1980 Reagan Presidential campaign.

He is currently producing a number of programs for release on video cassette.

R. Budd Gould

R. Budd Gould was born in Pasadena, California and lives in Missoula, Montana. He has been blind since age 33. He attended the University of Montana in Missoula in the area of Business Administration.

Mr. Gould was elected to the Montana State House of Representatives in 1974 and is currently serving his fifth term. In 1975, 1977, 1979, and 1981, he served on the Public Health Committee and was chairman of that committee in 1981.

He has been active in human service and rehabilitative endeavors. Mr. Gould serves on the Montana State Library Advisory Council, to which he was first appointed in 1972. He was Chairman for Region Five of Montana on the White House Conference on Handicapped Individuals. and served on the Rehabilitation Services Advisory Council in 1976, the Visual Services Advisory Council in 1977, and on the Board of Directors of the Western Montana Radio Reading Service in 1979.

Mr. Gould has received numerous awards for his outstanding service, including the Man of the Year Award in 1977 from the Montana Association of the Blind.

Hunt Hamill

Hunt Hamill lives in Winnetka, Illinois. From 1975 to 1983 he served as President of the Rehabilitation Institute of Chicago, affiliated with the McGraw Medical Center, Northwestern University. From 1968 to 1975, subsequent to his retirement as President of the National Sugar Refining Company (Jack Frost), he was President and Director of the Brain Research Foundation, an affiliate of the University of Chicago. He has had extensive experience in highly responsible positions in business and technical fields, serving on Boards of Directors of several technologically-oriented corporations.

As Chief Executive Officer of the Rehabilitation Institute of Chicago, a comprehensive medically-oriented center which has aided disabled persons in employment, accessibility, transportation, housing issues, public education programs, etc., he was influential in changing community attitudes and increasing the acceptance of disabled individuals.

Mr. Hamill's efforts through the Institute have had national impact on he lives of thousands of people with disabilities. He served as Chairperson of the Chicago Hospital Council in FY 1982-1983.

Mr. Hamill's efforts through the Institute have had national impact on the lives of thousands of people with disabilities. He served as Chairperson of the Chicago Hospital Council in FY 1982-1983.

Marian North Koonce

Marian North Koonce of Santa Barbara, California, is the mother of six children. Two are physically handicapped from birth and a third contracted Multiple Sclerosis as a young adult. Along with the great amount of time and attention she gives to her family, she has held many administrative and leadership positions in business, most recently as Chairman of the Board of a Santa Barbara independent bank.

She is involved in numerous local and national organizations. She was Chairman of the Santa Barbara County Reagan-Bush '84 Committee. She has served as delegate to the Republican National Conventions of 1976, 1980 and 1984.

From 1980 to 1981, Mrs. Koonce was Vice-President of Recording for the Blind Auxiliary. She serves on the Board of the Santa Barbara Symphony Association; the Las Positas Park Board; the Board of Trustees of the University of California, Santa Barbara; and is Chairman of the Channel Islands Chapter of the National Multiple Sclerosis Society.

Nanette Fabray MacDougall

Nanette Fabray MacDougall, a resident of Pacific Palisades, California, is a renowned actress who developed a progressive hearing disability. Following four operations, the difficulty, which threatened her with total deafness, was cured. She has continued to be active in organizations benefiting hearing-impaired and other disabled persons.

Mrs. MacDougall was Regional Chairperson of the National Easter Seal Society for Crippled Children, and the National Mental Health Association. She is past Chairperson of the National Advisory Committee for Education of the Deaf. She currently serves on the Board of the National Captioning Institute, the Better Hearing Institute in Washington, D.C., as well as the House Ear Institute and the Museum of Science and Industry.

Among the many awards she has received are the President's Distinguished Service Award (1971) and the Eleanor Roosevelt Humanitarian Award (1964). Mrs. MacDougall and Helen Keller are the only two women ever to have received the annual Public Service Award of the American Academy of Ophthalmology and Otolaryngology. She has two honorary doctoral degrees, one from Gallaudet College and one from Western Maryland College. She was one of the original members of the National Council on the Handicapped, and was reappointed by President Reagan.

Michael Marge, Ed.D.

Michael Marge, Ed.D., of Syracuse, New York, has been Professor of Special Education and Rehabilitation (Communicative Disorders) and Professor of Child and Family Studies, Syracuse University, since 1974. He was Dean of the College for Human Development from 1974–1979. He has been active in special education and rehabilitation for more than thirty years. He began his career as Director of the Upstate New York Speech and Hearing Therapy Project for the Easter Seal Society. He developed the Glens Falls, NY Cerebral Palsy Clinic and the Northeastern New York Cleft Palate Center; was Director of Speech Therapy Services for the Mount Carmel Guild Programs for the Handicapped, Newark, NJ, which provided services for more than 200 elementary and secondary schools; and he founded and served as Co-Chairman of the Department of Communicative Disorders at Seton Hall University from 1960–1964.

In 1964 he served at the U.S. Office for Education as Program Coordinator for Speech and Hearing Services in the Division of Handicapped Children and Youth, later becoming Director of Program Planning and Evaluation for the Bureau of Education for the Handicapped. He was Deputy Commissioner of Education for Planning Research and Evaluation (1969-1971), and Deputy Director of the Bureau of Internationa Studies (1971–1974).

He is a member of numerous professional organizations, serving as an officer and chairperson of selected committees. Currently, he is Chairman of the ASHA Committee on Prevention of Communicative Disorders and the Central New York Committee on Disability Prevention. In 1980 he received a Mary E. Switzer Fellowship Award for his contributions to disability prevention. He is the author of a textbook on language disability in children and more than thirty publications on communicative disorders, special education and rehabilitation.

Jeremiah
Milbank, Jr.

Jeremiah Milbank, Jr. of Greenwich, Connecticut, graduated from Yale University in 1942, and Harvard Business School in 1948, after which he worked in the private investment business in New York.

Mr. Milbank has held a leadership position in both community and national organizations, including President of the J. M. Foundation, Boys Clubs of America, and the International Center for the Disabled. He has been Chairman of the Republican National Finance Committee, 1969-72 and 1975-77; he is on the Board of Governors of the Ronald Reagan Presidential Foundation; and is a Trustee of the Taft Institute for Two Party Government. A recipient of the President's Award for Voluntary Action, 1983, he also holds three honorary degrees.

Roxanne S. Vierra

Roxanne S. Vierra of Littleton, Colorado has been actively involved in business as well as in community and political affairs. Her son, Steven, had brain damage from birth. His handicap gave her insight into the needs of mentally retarded individuals. This insight caused her to develop Retarded Unlimited, Inc., an organization designed to establish business ventures owned and operated by mentally retarded persons. Her objective is to make mentally retarded people more self-sufficient and less dependent on government funds. Steven is an example of what a mentally retarded individual can do: He lives in his own townhouse, works as a courtesy clerk at a grocery store and is relatively independent.

Mrs. Vierra serves as an officer of the Children's Diabetes Foundation, which is dedicated to research in finding a permanent cure for children's diabetes. She is on the Board of Directors of the American Lung Association, and is President of the Board of Childhelp USA, a national organization to prevent child abuse. She has campaigned and organized numerous activities in national elections including fundraising in President Reagan's campaign. In the business world, Mrs. Vierra has been a Broker Associate for the Devonshire Company selling residential property for the past six years.

Henry
Viscardi, Jr.

Henry Viscardi, Jr., LLD (Hon.) of Long Island, New York is highly respected in the fields of rehabilitation and education. Born without legs and confined to a public ward in a hospital for the first seven years of his life, Dr. Viscardi has devoted his life to insuring that severely disabled individuals have the opportunity to achieve their fullest potential.

Dr. Viscardi has been an adviser to Presidents and has been awarded over a dozen honorary degrees including doctorates in law, science, humane letters and literature. He has written numerous books, and the National Rehabilitation Association presented him with its highest honor, The President's Award Medal. His international activities include missions to India, Egypt, the Scandinavian countries, Australia and Western Europe.

In 1952 Dr. Viscardi founded the internationally famed Human Resources Center in Albertson, New York. Through this Center, he has shown that disabled people can be fully integrated into every phase of American life from infant education to professional accomplishments. Someone has said, "Standing on artificial limbs, he is a giant among the great Americans of our time."

Alvis Kent
Waldrep, Jr.

Alvis Kent Waldrep, Jr. of Plano, Texas, is the President and Chief Executive Officer of the Kent Waldrep National Paralysis Foundation, a non-profit organization dedicated to finding a treatment and cure for paralysis caused by spinal cord injury. He is responsible for all phases of daily operations which include fundraising, budgeting and public awareness through its national office in Dallas. From September 1982 to June 1985, Mr. Waldrep was President of the American Paralysis Association.

From June 1979 to December 1981, Mr. Waldrep founded and served as Chief Executive Officer of the Kent Waldrep International Spinal Cord Research Foundation, Inc., a non-profit organization which became the American Paralysis Association. He was responsible for planning and implementing all programs designed to meet the objectives and goals of the Foundation.

Mr. Waldrep served as Assistant Sports Information Director for Texas Christian University from April 1977 to June 1979. There, he assisted the Sports Information Director with all sports promotion programs, including media communication, brochure preparation, compilation of statistics and advertising sales. This followed on three years of intensive physical therapy following paralysis caused by a cervical spinal cord injury from football in 1974 which left him a quadriplegic with paralysis from the neck down.

He is a member of several community and professional groups including the Board of the Dallas Rehabilitation Institute and The National Society for Fundraising Executives. He has been the recipient of many awards honoring him for his achievements in the area of disability. Mr. Waldrep was selected by the United States Jaycees as one of the ten outstanding young men in America for 1985.

NATIONAL COUNCIL ON THE HANDICAPPED
STAFF BIOGRAPHIES

Brenda Bratton

Brenda Bratton is presently Executive Secretary with the National Council on the Handicapped. In this capacity she provides clerical and administrative support for the Council. Mrs. Bratton, a native of North Carolina, was employed previously as a secretary for the National Transportation Safety Board.

Ethel D. Briggs

Ethel D. Briggs is Adult Services Specialist at the National Council on the Handicapped. In this capacity, she is responsible for staffing the Adult Services Committee of the Council. Her primary duties include monitoring activities authorized under the Rehabilitation, Developmental Disabilities, and Social Security Acts. Prior to joining the National Council on the Handicapped, Ms. Briggs was the Chief, Office of Staff Development and Training at the District of Columbia's Rehabilitation Services Administration.

Ms. Briggs is a graduate of North Carolina Central University, Durham, North Carolina. She also has a masters degree in counseling from the University of North Carolina at Chapel Hill. Ms. Briggs has completed graduate courses at Howard University and George Washington University.

An avid volunteer, Ms. Briggs serves on many boards and councils. She has received numerous awards from such organizations as the National Rehabilitation Association, the National Rehabilitation Counseling Association and the Delta Sigma Theta Public Service Sorority.

Stacey Shelton Brown

Stacey Brown is presently employed at the National Council on the Handicapped as a part time Student Assistant. He also is a full-time student at Howard University majoring in Political Science.

Robert L. Burgdorf Jr.

Robert L. Burgdorf Jr. is Research Specialist at the National Council on the Handicapped in Washington, D.C. He works with the Research Committee of the National Council to fulfill the Council's responsibilities in the area of research -- including the establishment of general policy for the National Institute of Handicapped Research. As an attorney, Mr. Burgdorf also provides input to the Council on legal questions and strategies.

Prior to assuming his current position in March of 1985, Mr. Burgdorf was an attorney-advisor with the U.S. Commission on Civil Rights, and co-authored the Commission's report on handicap discrimination, Accommodating the Spectrum of Individual Abilities (1983). Previously, he had been Co-Director of the Developmental Disabilities Law Project in Baltimore, MD. and a staff attorney at the National Center for Law and the Handicapped.

Mr. Burgdorf received his undergraduate degree and Doctorate of Jurisprudence (J.D.) from the University of Notre Dame. He has taught courses on "The Civil Rights of Handicapped Persons" and supervised a clinical program at the University of Maryland School of Law. He has written extensively on the rights of persons with disabilities, including The Legal Rights of Handicapped Persons, the first law school casebook on the topic.

Andrea H. Farbman

Andrea H. Farbman serves as the Public Affairs Specialist for the National Council on the Handicapped. Her primary duties include developing and implementing internal and external information systems for the National Council, maintaining ongoing liaison between the Council and the U.S. Congress, providing assistance to the External Affairs Comittee, and supervising Council publications and reports.

Prior to assuming her current position with the National Council, Dr. Farbman directed a project regarding accessibility of outdoor recreation facilities for the Architectural and Transportation Barriers Compliance Board. Previously, while residing in Britain, she developed and taught courses in disability for Leeds Polytechnic and worked with the British Sports Association for the Disabled.

Dr. Farbman received her undergraduate and graduate degrees from the University of Maryland. She completed her doctorate in higher education administration at George Washington University, where she taught and coordinated a graduate program in the School of Education and Human Development.

Lex Frieden

Lex Frieden is Executive Director of the National Council on the Handicapped, an independent Federal agency located in Washington, DC. Prior to assuming his present position, Mr. Frieden was Director of the Independent Living Research Utilization project at the Institute for Rehabilitation and Research and assistant professor of rehabilitation at Baylor College of Medicine, Houston, Texas.

A graduate of Tulsa University, Mr. Frieden has been honored as a Distinguished Alumnus. He also holds a master's degree in social psychology from the University of Houston. He has done additional graduate work in rehabilitation psychology at the University of Houston with support from an SRS doctoral fellowship, and he has been awarded a World Rehabilitation Fund Fellowship to study programs for disabled people in Europe.

Working in the independent living movement by severely disabled people since the early 1970's, Mr. Frieden has published several books and papers on independent living. He was honored by the U.S. Jaycees in 1983 as one of America's Ten Outstanding Young Men.

Sonja L. Jarvis

Sonja L. Jarvis is presently working at the National Council on the Handicapped part-time as a Student Clerical Assistant. She also attends Howard University full-time where she is majoring in Accounting.

Maureen McInerny

Maureen McInerny is staff assistant at the National Council on the Handicapped. Ms. McInerny formerly worked in the Office of the Secretary of the U.S. Department of Agriculture where she was instrumental in establishing a program for persons with disabilities living in rural areas. Previously, Ms. McInerny served as a detailed representative on an intergovernmental White House program dealing with recreation for disabled persons.

Bill Mitchell

Bill Mitchell is the National Council on the Handicapped's 1986 Policy Fellow. The Fellowship offers mid-career professionals the opportunity to gain experience in the processes through which disability policy is designed and implemented. The Fellow provides assistance to the Council in a variety of areas, developing reports and other tasks, pertaining to legislation and programs affecting people with disabilities.

For nearly five years prior to accepting the fellowship, Mr. Mitchell was employed as an advocate for developmentally disabled persons by the Georgia Advocacy Office, the protection and advocacy program for Georgia. In this capacity he assisted individuals with developmental disabilities and their families in resolving disputes with service systems and others throughout the State.

Mr. Mitchell also was a counselor for students with disabilities at Georgia State University in Atlanta. Prior to that, he received a Bachelor's degree in Philosophy from the University. While a student at Georgia State, he helped found and was the first President of the Disabled Students' Association.

Kathleen M. Roy

Kathy Roy is Children's Specialist at the National Council on the Handicapped. In this capacity she is responsible for monitoring legislation and policies which affect children with disabilities and their families.

Prior to joining the Council, Ms. Roy was a Policy Associate for United Cerebral Palsy Associations, Inc. During her tenure with UCPA, she handled a variety of issues including education, employment, civil rights, and budget and appropriations. From 1976 to 1978 she worked as research assistant to Senator Harrison Williams, then Chairman of the Senate Labor and Human Resources Committee.

A graduate of Salisbury State College in Salisbury Maryland, Ms. Roy holds a Bachelor of Arts degree in psychology. In 1973 she was nominated for Who's Who in American Colleges and Universities. More recently she received the Cathleen Lyle Murray Award for her contributions to the civil and human rights of persons with disabilities.

NATIONAL COUNCIL ON THE HANDICAPPED

STAFF POSITIONS

Position Title	Grade	Budgeted FY 87 Salary
Executive Director	Administratively Determined	$62,714
Research	14	48,873
Adult	13	40,105
Public	13	41,358
Children's	13 [1]	41,358
Staff Assistant	11	29,897
Executive Secretary	8	21,714
Secretary	6 [2]	18,715

[1] Present grade for this position: GS-12

[2] Position presently filled by two part-time individuals. Cumulated time does not exceed F.T.E. limitations.

COUNCIL MEMBERS' PAY

Mr. **Natcher**. Your 1987 budget includes an increase of $32,000 for what appears to be member pay, an increase of 38 percent over 1986. Is this necessary?

Ms. **Parrino**. Mr. Frieden will discuss that, sir.

Mr. **Frieden**. Mr. Chairman, we have analyzed very carefully the salary requirements for the Council staff, and the members of the Council. The members of the Council work considerable days on a volunteer basis for the Council.

The increase in salary for members of the Council results strictly from the estimated number of days associated with the quarterly meetings of the Council, the forums which the Council plans to sponsor in 1987, and with a modest number of days in preparation by the Council members for those quarterly meetings and for those forums.

Mr. **Natcher**. The budget for 1986 includes $83,000 for member pay. How much of this has been obligated as of this time?

Mr. **Frieden**. Approximately 50 percent of that amount.

Mr. **Natcher**. What was the average compensation paid to each member of the Council in 1985?

Mr. **Frieden**. The average compensation paid to Council members in Fiscal Year 1985 was $6,800.

Mr. **Natcher**. Can you tell us what the maximum amount paid to any Council member was in 1985?

Mr. **Frieden**. For Fiscal Year 1985 the maximum amount received by a council member was $7,804.

Mr. **Natcher**. Any additional questions, gentlemen?

Ms. Parrino, we want to thank you and your associates for appearing before our committee at this time on behalf of your budget request for the fiscal year 1987. It has been a good hearing, and thank you very much.

[The following questions were submitted to be answered for the record:]

COSTS ASSOCIATED WITH TOWARD INDEPENDENCE

MR. NATCHER. In making its recommendations in its special report did the Council consider the cost associated with implementing the changes which have been proposed?

MR. FRIEDEN. Yes. In making each of the forty-five legislative recommendations presented in Toward Independence, the Council marshalled available cost and benefit projections, and proposed only measures that it deemed cost-effective for the Nation. As the Council noted in the letters of transmittal to the Congress and the President: "In analyzing Federal programs that affect people with disabilities and in formulating legislative recommendations, the Council has been very cognizant of the financial implications of its proposals, and has consistently sought to develop practical, fiscally responsible approaches. Indeed, one of the Council's key objectives has been to suggest ways in which Federal expenditures related to disability can be more prudently spent, and ineffectiveness and counterproductivity minimized. The Council is confident that if the recommendations in this report are implemented, current Federal expenditures for disability can be significantly redirected from dependency-related approaches to programs that enhance independence and productivity of people with disabilities, thereby engendering future efficiencies in Federal spending."

MR. NATCHER. What would be the additional cost to the Federal Government if all of these recommendations were implemented?

Mr. Frieden. We are unable to calculate with precision the savings or costs to the Federal Government given available time and data. The Council is convinced that the legislative recommendations in Toward Independence would, if implemented, result in an overall savings to the Federal treasury, in the near future if not immediately upon their implementation. Nonetheless, the Council looked carefully at estimates of costs and benefits associated with the various specific legislative recommendations, and included in its report only recommendations that it believed would be cost effective for the Nation. Information about the potential costs and benefits of Council recommendations is incorporated in many of the detailed topic papers in the Appendix to the report.

MR. NATCHER. In reviewing existing government programs, did you recommend that any existing Federal activity be eliminated or reduced because of problems with its effectiveness?

MR. FRIEDEN. In focusing upon ten major areas of particular importance regarding the impact of Federal programs upon persons with disabilities, and in developing forty-five recommendations to address major issues in these areas, the Council made proposals that would alter and redirect many of the major Federal programs affecting persons with disabilities. For example, the Council proposes that the Section 202 housing program should be reorganized to provide a range of housing options for persons with disabilities, instead of large-scale, often inappropriate units. For the most part, the Council's proposals focus upon redirecting Federal programs toward principles of independence, equality of opportunity, and self-sufficiency, rather than outright elimination of such programs. The results of implementing the Council's recommendations would, however, indirectly result in the reduction of some Federal programs, particularly dependency-related programs. For example, many of the Council's recommendations in the areas of employment, equal opportunity laws, disincentives to work, transportation, independent living, and attendant care would, if implemented, allow many more persons with disabilities to become employed and independent, thereby engendering a reduction of Federal income support payments under such programs as Supplemental Security Income and Social Security Disability Insurance.

COUNCIL MEETINGS

MR. NATCHER. How many meetings does the Council expect to hold in 1986 and 1987, and what is the average cost per meeting?

MR. FRIEDEN. The Council will hold four quarterly meetings as required by law, in both 1986 and 1987. The estimated average cost per quarterly meeting of the Council is $42,000. This amount includes the costs of salaries for Council members, travel and per diem, meeting room space and equipment, transcription services, and assistance to Council members and public participants including interpreters, readers, and attendants.

TRAVEL

MR. NATCHER. Excluding the pay of members and staff, your largest expenditure is for travel. Would you tell the Committee what assumptions were used in developing your travel request for next year?

MR. FRIEDEN. It was assumed that the Council would have quarterly meetings as required by law. Two of these meetings are assumed to be held in Washington, D.C. and the other two will be held in other cities. Additionally, the Council plans to host six national forums, four of which will occur simultaneously with the regularly scheduled Council meetings. All Council members are projected to attend the quarterly meetings and three members are projected to attend each of the interim forums. Five staff members are expected to travel outside Washington, D.C. to the two quarterly meetings which will be held in other cities. In addition, travel is budgeted for four of the Council consumer advisors to attend each of the quarterly meetings and for two of the consumer advisors to attend each of the forums. Travel also is budgeted for Council members and staff to make speeches and presentations, and to attend a limited number of relevant conferences. It also is assumed that some Council members and staff who are disabled will require attendants to travel with them and assist them as needed.

MR. NATCHER. Last year your budget documents indicated that you expected to spend $116,000 for travel in 1985. According to this year's budget you actually spent $133,000 for travel in 1985. Tell us how travel costs are controlled within the Council.

MR. FRIEDEN. The National Council on the Handicapped has established policies and procedures to control travel costs. The Council members, while away from their homes or regular places of business in the performance of services for the National Council on the Handicapped, are allowed travel expenses, including per diem in lieu of subsistence in the same manner as persons employed intermittently in the government service are allowed expenses under Section 5703 of Title 5 of the United States Code. All official work by Council members or staff which will result in compensation, travel reimbursement and per diem payments from the Council, must be approved by the full Council in the budget process, by the Council at a quarterly meeting, or authorized in advance by the Chairperson. All travel authorizations are approved by the Executive Director prior to travel, and all travel vouchers are reviewed for conformity to Federal travel regulations prior to processing. Additionally, when Council members and staff are travelling on behalf of the National Council on the Handicapped, attempts are made to minimize costs by using airline carriers or other modes of transportation in which the government receives discounted fares.

MR. NATCHER. Also tell us why you were over budget in this area in 1985.

MR. FRIEDEN. In Fiscal Year 1985, the Council committed a substantial part of its overall effort to completing its mandated special report to the President and Congress, Toward Independence. In order to complete this report in an effective and timely manner, the Council redirected funds which were originally budgeted for personnel costs to travel and other services. The additional travel funds enabled the Council to hold two working sessions on the 1986 special report, in addition to the mandated quarterly meetings.

RESEARCH CONTRACTS

MR. NATCHER. Your budget documents indicate that you are requesting $30,000 for research contracts but that you have not yet selected the topics. Have you made any progress in finalizing the research agenda at this time?

MR. FRIEDEN. At this time the Council has developed a list of possible topics to be considered for research contracts for Fiscal Year 1987. Topics include: an examination of least restrictive environment; an investigation of physically disabled persons in nursing homes and other institutions; disincentives to work under Social Security laws; loss of medical insurance for persons with disabilities; and the status of enforcement of Section 504 of the Rehabilitation Act. The Council will assess the relative importance of each topic and allocate the appropriate resources in accordance with the Council's priorities for Fiscal Year 1987.

MR. NATCHER. How much money was expended for research contracts in 1985 and 1986 and what types of studies were carried out?

MR. FRIEDEN. In Fiscal Year 1985 a total of $79,000 was expended on research contracts. Types of studies conducted included:

- 0 Assessment of the issues and problems related to the implementation of the Education for the Handicapped Act.

- 0 Analysis of Federal legislation related to discrimination on the basis of handicap, prevention of disability, vocational rehabilitation, independent living, education of people with disabilities, and income support for disabled people and their families.

- 0 Description of key characteristics which determine the effectiveness of independent living programs.

- 0 State-of-the-art review of research on attitudes of people with disabilities and the general public on certain disability-related issues.

- 0 Examination of the status of equality of people with disabilities from a civil rights perspective.

In Fiscal Year 1986 approximately $30,000 will be expended on research contracts. The two major projects involve assistance with the implementation of the 45 legislative recommendations in Toward Independence, and a study of demographics of the disabled population.

STAFF POSITIONS

MR. NATCHER. We understand that 3 of the 8 full time positions at the Council are for administrative and clerical support. How did you determine the mix of staffing positions for the Council?

MR. FRIEDEN. The Council's staffing level and structure is directly related to its mandated role and responsibilities. The Council's staffing pattern assures one professional staff person in each of the following areas of Council responsibility: adult services, children's services, research, and public affairs. Each area is specific and requires an exclusive body of knowledge and professional experience. Each of the four professional staff is responsible for staff assistance to a specific Council committee having policy responsibility for the same area as the professional staff member. The Executive Director is authorized in the Council's statute and is responsible for overall staff performance. The three administrative staff members include a staff assistant and two secretary-typists who perform typing, filing, recordkeeping, and other duties. The Council meets on a quarterly basis and this requires scheduling travel arrangements, meeting rooms, etc., so that the Council is able to fulfill its legislated mandate. In addition to participating in regularly scheduled meetings of the Council and its committees, many Council members are active in a variety of study groups and advisory committees sponsored by the Council, as well as other Federal agencies. These additional meetings also require significant amounts of time from the administrative staff.

MR. NATCHER. Are all positions at the Council classified by the Office of Personnel Management and filled competitively?

MR. FRIEDEN. Personnel specialists from the General Services Administration routinely provide assistance to the National Council on the Handicapped in developing position descriptions. All Council positions are classified by the General Services Administration in accordance with the Office of Personnel Management's position classification standards. The Council's general policy is to fill positions through the competitive process according to the guidelines established by the Office of Personnel Management. The Council is also authorized to hire qualified disabled persons under the Schedule A authority, Section 213.3102(u), in accordance with Civil Service rules.

NATIONAL FORUMS

MR. CONTE. How many [national forums] do you hold a year, and how many are allowed for under the '87 request?

MR. FRIEDEN. The Council generally attempts to conduct national forums in conjunction with its regularly scheduled quarterly meetings. In Fiscal Year 1986 the Council held forums on topics which included the issuance of Toward Independence, the results of the Harris Poll of disabled Americans, communications barriers, rehabilitation research, and implementation issues related to Toward Independence. In Fiscal Year 1987 the Council plans to conduct four to six national forums, depending upon available resources and identified needs. Topics being considered at this time include: early childhood intervention; minorities and disability; Social Security disincentives; transportation; housing; medical insurance needs of unemployed disabled persons; physically disabled persons in institutions; and enforcement of Section 504 of the Rehabilitation Act.

MR. CONTE. How do you advertize these forums to the general public? Do you get a good turnout at each one?

MR. FRIEDEN. Since the intent of the Council's national forums is to solicit input from disabled consumers, attempts are made to inform as wide an audience of persons with disabilities as possible. Advertisement of the national forums is accomplished through personal invitations; notices in appropriate journals, magazines and newletters; and announcements at meetings of consumers, professionals, and service providers. Ordinarily, Council forums are very well-attended. Attendance at Council forums generally ranges from 25 to 200 individuals.

CONSUMER ADVISORS

MR. CONTE. Last year you told the committee about your hopes for a 12-person consumer advisory committee. Have you been able to establish that yet?

MR. FRIEDEN. The Council has identified 20 to 30 consumers with expertise in a variety of areas to use as advisors to the Council. These advisors can be consulted as needed to help the Council in its work. Due to regulatory restrictions and fiscal considerations, these advisors will be used to address specific issues on an individual basis or in small groups.

MR. CONTE. What function would this committee serve?

MR. FRIEDEN. In its report to the Congress, Toward Independence, the Council made 45 recommendations pertaining to Federal policy for disabled persons in ten different areas, ranging from education to work disincentives in Social Security. Much of the work in developing the report was done with the input of consumers from all around the country. For the Council to fulfill its mandate to advise the Congress and the Administration on matters of policy, it must be able to avail itself of the expertise and knowledge of consumers, and to maintain a foundation rooted in the community of disabled persons and advocates. The network of advisors helps the Council and its staff to address many different issues in greater depth than would otherwise be possible. Whether consulted in correspondence, by telephone, or in person, their counsel has been of great benefit. As the Council continues with its mission, it is expected that the advisors will remain a valuable and essential asset.

CONTRIBUTIONS

MR. CONTE. At several points in the budget documents you talk about activities where you solicit private contributions. What authority does the Council have to solicit these contributions, and how much can you collect each year?

MR. FRIEDEN. Section 403(b)(2)(B) of the Rehabilitation Act of 1973, as amended, authorizes the Council to "accept, in the name of the Council, employ and dispose of in furtherance of this 'Act' any money, or property, real or personal, or mixed, tangible or nontangible, received by gift, devise, bequest, or otherwise..." The legislation does not set limits on the amount.

NATIONAL COUNCIL ON THE HANDICAPPED

Estimate of Appropriations

FISCAL YEAR 1987

NATIONAL COUNCIL ON THE HANDICAPPED

Appropriation Estimates

For

Fiscal Year 1987

Submitted to the Subcommittee on Labor, Health and Human Services, and Education of the House and Senate Appropriations Committees

February 1986

NATIONAL COUNCIL ON THE HANDICAPPED

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Proposed Appropriation Language

National Council on the Handicapped

Salaries and Expenses

For expenses necessary for the National Council on the Handicapped as authorized by section 405 of the Rehabilitation Act of 1973, as amended, [$765,000] $850,000. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1986.)

NATIONAL COUNCIL ON THE HANDICAPPED

Appropriation Estimates for Fiscal Year 1987

Background

The National Council on the Handicapped is an independent Federal agency comprised of 15 members appointed by the President and confirmed by the Senate. Established by the 95th Congress through Title IV of the Rehabilitation Act of 1973 (as amended by Public Law 95-602 in 1978), the Council was initially an advisory body within the Department of Education. However, in 1984, the Council was transformed into an independent agency by the Rehabilitation Act Amendments of 1984 (Public Law 98-221).

The Council is charged with reviewing all laws, programs and policies of the Federal Government affecting disabled individuals and making such recommendations as it deems necessary to the President, the Congress, the Rehabilitation Services Administration (RSA) Commissioner and the National Institute of Handicapped Research (NIHR) Director. Also within the Council's responsibilities are approval of standards concerning Independent Living and Projects With Industry Programs and the preparation of a special report due to Congress in February 1986 which relates to enhancing the productivity and quality of life for disabled Americans.

Whereas many government agencies relate to the needs and concerns of people with disabilities, the National Council on the Handicapped is the only Federal agency with the mandated responsibility to address, analyze, and make recommendations on issues of public policy which affect people with disabilities regardless of age, disability type, perceived employment potential, perceived economic need, specific functional ability, status as a veteran, or other individual circumstances. The Council recognizes its unique opportunity to facilitate independent living and employment opportunities for people with disabilities by assuring a coordinated approach to meeting their needs and eliminating barriers to their active participation in community and family life.

Major Activities Summary: Fiscal Year 1986

During the 1986 Fiscal Year, the Council issued Toward Independence, its 1986 report to the President and Congress, which presented 45 legislative recommendations regarding 10 issue areas of particular importance to people with disabilities. The Council also began follow-up and monitoring activities regarding the recommendations in the report; these included: briefings and forums with disabled persons, parents, consumer organizations, service providers, business leaders, Federal agency officials, and legislative leaders; consultations with Congressional staff and representatives of the disability community regarding proposed legislative initiatives; input and comments on proposed regulations; and program recommendations to Federal agencies.

The Council issued policy guidance pursuant to its statutory mandate to establish general policy for the National Institute of Handicapped Research (NIHR), and began monitoring NIHR progress. The Council also continued to fulfill its statutory responsibilities to provide recommendations and advice to the Commissioner of the Rehabilitation Services Administration (RSA). The Council provided technical assistance to independent living centers in the areas of management techniques and private sector involvement. It conducted a study of the job placement efforts on behalf of persons with disabilities by the Rehabilitation Services Administration, Projects with Industry and private organizations, and reviewed the training grant programs of RSA. In conjunction with the National Association of the Deaf, the Council conducted a survey on communication skills. The Council worked with the President's Committee on Employment of the Handicapped, Howard University, and other government agencies in sponsoring a conference on the employment needs of minority disabled persons (Blacks, Hispanics).

As promised in the Toward Independence report, the Council issued a monograph summarizing statistical informaton on disabilities from currently available sources and discussing the needs for additional data. The Council continued to work with the Census Bureau, the Federal Agency Council, and the Interagency Committee on Handicapped Research to seek the inclusion of appropriate questions on disability on the 1990 Census. The Council developed an analysis of the results and implications of the Louis Harris poll of "Disabled Americans' Self Perceptions." Pursuant to the Developmental Disabilities Act of 1984, the Council engaged in consultation and contributed to the Department of Health and Human Services' Report to the Congress on Policies For Improving Services For Mentally Retarded and Other Developmentally Disabled Persons Served Under Title XIX of the Social Security Act.

Planned Activities Summary: Fiscal Year 1987

During the 1987 Fiscal Year, the Council will continue its follow-up and monitoring activities regarding the recommendations in its 1986 Toward Independence report. It will also continue to address its mandated responsibilities to establish general policy for the National Institute of Handicapped Research, and to provide recommendations and advice to the Commissioner of the Rehabilitation Services Administration.

The Council will make recommendations to the President, Congress, and Federal officials in regard to additional issue areas not addressed in the 1986 report. For example, the Council will issue a report on provisions of U.S. immigration laws that prohibit persons with disabilities from entering the country.

The Council will gather data on accessible transportation, including information on cost analysis. The Council will work with the Social Security Administration and insurance companies to develop a program for medical care insurance for individuals with disabilities. The Council will continue its cooperative working relationship with the National Association of Home Builders to promote the development of adaptable housing for persons with disabilities. To increase the coordination of programs and services affecting people with disabilities, the Council will also continue its participation in such initiatives as the Interagency Committee on Handicapped Research, the Federal Agency Council, the Interagency Committee on Computer Support of Handicapped Employees, the Federal Task Force on Disabled Persons, the Interagency Committee on Developmental Disabilities, and other similar coordinating bodies.

NATIONAL COUNCIL ON THE HANDICAPPED

Amounts Available for Obligation

(In Thousands of Dollars)

	FY 1986			FY 1987	Net Change
	ENACTED (PL 99-178)	G-R-H REDUCTION	Net	Request	
Budget Authority....................	765	(33)	732	850	+118,000
Outlays..................................	829	(28)	801	835	
FTE..			9	10	
Positions (FTP)......................			8	8	

NATIONAL COUNCIL ON THE HANDICAPPED

Analysis of Changes

	FY 1986	FY 1987	Change
Budget Authority	732,000 1/	850,000	+118,000
Increase			
Full-time Permanent	273,000	305,000	32,000
Other Than Full-time	83,000	115,000	32,000
Other Personnel Compensation	0	5,000	5,000
Personnel Benefits	46,000	53,000	7,000
Sub Total			76,000
Travel	111,000	131,000	20,000
Standard Level User Change	35,000	44,000	9,000
Rental Payments to Others	9,000	10,000	1,000
Printing	10,000	13,000	3,000
Other Services	144,000	152,000	8,000
Supplies	5,000	8,000	3,000
Sub Total			44,000
Total Increase			+120,000
Decrease:			
Communications	16,000	14,000	-2,000
Net Change			118,000

1987 Budget Policy

The Council is requesting $850,000 for Fiscal Year 1987. Personnel compensation and benefits for the 15 Council members, the Executive Director, and the 7 staff members will require $478,000. An additional $372,000 is required by the Council for administrative support and for the conduct of special studies and reports.

The Council's staffing level and structure is directly related to its mandated role and responsibilities. The Council's staffing pattern assures one professional staff person in each of the following areas of Council responsibility: adult services, children's services, research, and public affairs. Each area is specific and requires an exclusive body of knowledge and professional experience. Each of the four professional staff persons is responsible for staff assistance to a specific Council committee having policy responsibility for the same area as the professional staff member.

The Executive Director is authorized in the Council's statute and is responsible for overall staff performance. The three administrative staff members include a staff assistant and two secretary-typists who perform typing, filing, recordkeeping, and other duties.

Two full-time equivalent staff positions are budgeted for work by Council members. In addition to participating in the four regularly scheduled meetings of the Council and its committees, the Council members are active in a variety of study groups, working groups and advisory committees sponsored by the Council and by other Federal agencies.

The $478,000 requested for personnel reflects an increase of $76,000 over the previous year. Thirty-six ($36,000) thousand dollars of this increase is due to the Council now having a full complement of staff. During FY 86 three positions were unfilled until midway during the second quarter. Thirty-five thousand dollars ($35,000) of tha increase results from the fact that Council members are participating in a greater number of meetings and performing a greater amount of work between meetings. The remaining $5,000 of the $76,000 increase is the amount anticipated in overtime and awards.

The administrative support request of $372,000 represents an increase of $42,000 over that approved in FY 86. Twenty thousand dollars ($20,000) of the increase is attributed to the additional travel that will be required of a full staff and an active advisory group. Another $9,000 of the increase is due to an increase in the rent. A modest increase of $8,000 has been requested for other services including special studies to adequately meet congressionally mandated activities. The final $5,000 of the increase under other administrative costs reflects increases due to inflation and increased usage of supplies, printing and building services.

Of the $372,000 required for administrative support and special studies, $131,000 will fund the travel requirements of the Council members ($98,000, the same as 1986) and staff ($17,000, $7,000 above 1986). In addition to the ordinary travel requirements of Council members and staff members, the Council has directed a high priority to holding consumer conferences in various cities nationwide to allow disabled persons to express their views directly to the Council. Council members will be required to travel to several such conferences in Fiscal Year 1987, and they will also participate in various professional meetings and conferences and make site visits to facilities serving disabled people and supported with Federal funds. In addition to the travel expenses of Council members and staff members the Council will reimburse members of its twelve-person consumer advisory group for travel and related expenses associated with participation in advisory group activities. The Council has budgeted $16,000 in 1987 for this activity, an increase of $13,000 over that planned in 1986. In addition, the Council will give a high priority to follow up and implementation relative to Congressional direction in response to the 1986 Report Toward Independence.

Of the $152,000 budgeted by the Council for other services, $38,000 will be used to fund a portion of the NCH Fellowship Program. The Council believes that a cost effective means of securing specific professional assistance for certain adhoc work can best be achieved by sponsoring, through a contract with an agency providing such service, one full-time mid-career professional selected in national competition for a year's service with the Council. The Council has budgeted $30,000 to be spent on additional research contracts which the Council will require as a result of follow up to its 1986 report, specific topics have not yet been identified. Of the remaining $84,000, $77,000 has been budgeted for the GSA administrative services contract, and expenses associated with quarterly meetings to include interpreters, readers, and secretarial services, attendant services, and conference room facilities.

Although the Council's authorizing statute allows for up to 10 percent of the Council's funds to be spent for official representation and reception, no funds are being requested for this purpose. This is done in an effort to assist the Administration in conserving funds and reducing administrative expenses. Nonetheless, the Council feels that it is important to provide frequent briefings to members of Congress, their staff members, and to other government officials. In order to underwrite any costs which may be associated with these activities, the Council will seek private contributions.

Budget Tables

The following tables detail the National Council on the Handicapped's appropriation estimates:

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised
300-101

National Council on the Handicapped
Object Classification (In thousands of dollars)

Identification code 95-3500-0-1-506		19 85 actual	19 86 1/ estimate	19 87 estimate
	Personnel Compensation:			
11.1	Full-time permanent...........	158	273	305
11.3	Other than full-time permanent.	102	83	115
11.5	Other personnel compensation...	3		5
11.9	Total personnel compensation	263	356	425
12.1	Personnel benefits: Civilian...	30	46	53
21.0	Travel and transportation of persons.......................	133	111	131
23.1	Standard level user charges....	34	35	44
23.2	Rental payments to others......	9	9	10
23.3	Communications, utilities, and miscellaneous charges.........	8	16	14
24.0	Printing and reproduction......	7	10	13
25.0	Other services..................	207	144	152
26.0	Supplies and materials..........	14	5	8
31.0	Equipment......................	18		
99.9	Total obligations	723	732	850

1/ After G-R-H Reduction

(Memo cost: 21.5) (Memo cost: 8) (Memo cost: 8) (Memo cost: 4.9)

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised
300-101

NATIONAL COUNCIL ON THE HANDICAPPED

Identification code 95-3500-0-1-50C	1985 actual	1986 estimate	1987 estimate
Program by activities:			
10.00 Total obligations............	723	732	850
Financing:		33 1/	
25.00 Unobligated balance lapsing...	27	---	---
40.00 Budget authority..............	750	765	850
Budget authority"			
40.00 Appropriation................	750	765	850
43.00 Appropriation (adjusted)......	750	765	850
Relation of obligations to outlay			
71.00 Obligations incurred, net......	723	732	850
74.20 Obligated balance, start of year..........................	130	181	112
74.40 Obligated balance, end of year..........................	-181	-112	-127
77.00 Adjustments in expired Accounts	56		
90.00 Outlays.........................	727	801	835
1/ G-R-H Reduction			
(Memo cost: [illegible])	(Memo cost: [illegible])	(Memo cost: [illegible])	(Memo cost: [illegible])

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised
300-101

National Council on the Handicapped
Salaries and Expenses
Personnel Summary

Identification code 95-3500-0-1-506	19 85 actual	19 86 estimate	19 87 estimate
Total number of full-time permanent positions...........................	8	8	8
Total compensable workyears: Full-time equivalent employment....	5	9	10
Full-time equivalent of overtime and holiday hours..................	------	------	------
Average GS grade.....................	11.61	10.50	10.50
Average GS salary....................	35,549	35,396	39,234
(Memo ent: 21.5)	(Memo ent: 8)	(Memo ent: 8)	(Memo ent: 4.9

MONDAY, APRIL 21, 1986.

NATIONAL LABOR RELATIONS BOARD

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MELVIN J. WELLES, CHIEF ADMINISTRATIVE LAW JUDGE
ERNEST RUSSELL, DIRECTOR OF ADMINISTRATION
HARDING DARDEN, JR., CHIEF, BUDGET SECTION

Mr. NATCHER. We take up next the National Labor Relations Board. We have Mr. Donald Dotson, Chairman of the National Labor Relations Board, and Mr. Dotson, tell us who you have with you at the table there.

INTRODUCTION

Mr. DOTSON. To my far right, Chief Judge Melvin Welles; to my immediate right, John Truesdale, Executive Secretary; and to my left, Comptroller Lee Vincent; and to his left, General Counsel Rosemary Collyer; and to her left, John Higgins, Deputy General Counsel.

Mr. NATCHER. Thank you, Mr. Dotson, we will be pleased to hear from you.

Mr. DOTSON. As you know, our agency has a unique structure, and most of our resources are dedicated to the responsibilities of our General Counsel.

And with the committee's permission, I will submit my statement for the record and ask General Counsel if she wishes to make a statement.

Mr. NATCHER. Ms. Collyer, we will be glad to hear from you.

Ms. COLLYER. Thank you very much.

It is an honor to appear again this year before this subcommittee, in order to request a budget of $130,865,000 for the operations of the National Labor Relations Board in fiscal year 1987. It is a privilege to be here on behalf of the appointees and employees of that agency, who are working hard now and will be working hard through 1987 to handle the 36,000 unfair labor practice cases, and 9,000 election cases that we anticipate receiving that year.

We have submitted a detailed statement from both myself and the chairman, and a detailed justification for our budget request, Mr. Chairman, and rather than take your time, I will ask to submit those for the record, and stand ready to answer questions.

[The statements of Ms. Collyer and Mr. Dotson follow:]

STATEMENT OF

DONALD L. DOTSON,
CHAIRMAN OF THE NATIONAL LABOR RELATIONS BOARD

BEFORE THE
SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES, EDUCATION,
AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

APRIL 21, 1986

Mr. Chairman and distinguished Members of the Subcommittee:

I welcome this opportunity to appear before you as Chairman of the National Labor Relations Board to present the Agency's budget request for Fiscal Year 1987. In accordance with normal procedure, the Agency has already submitted to you a detailed Fiscal Year 1987 Justification. In my testimony today I would like to touch briefly on some of the highlights of that Justification statement and make a few additional comments as well.

For Fiscal Year 1987, the NLRB is requesting an appropriation of $130,865,000 compared to total anticipated 1986 funding of $129,055,000.

The Budget request before you for 1987 is the product of an analysis of the NLRB's best current estimate of: the number of cases that the Agency will receive in 1987; how these cases will be resolved (that is, whether by settlement, dismissal, withdrawal, trial, etc.); the number of staff-years of employment needed, based on targeted rates of productivity; and, finally, the direct costs and support costs required to handle the anticipated caseload.

The Budget request presented to you today projects that the NLRB's case intake in 1987 will increase by about 4.7 percent, while staff will decrease by about 4.2 percent and funds increase by 1.4 percent. With the combination of a moderate degree of staff attrition and an increase in case intake, we will be in a position to handle our cases on a timely basis and show higher productivity rates throughout the casehandling pipeline.

The total 1987 cost increase from 1986 is $1,810,000. This increase in our request is necessary to meet normal operating expense requirements and employment expenses that are not completely offset by our expected level of attrition and productivity achievement.

Although this is a tight budget, it is one that will fulfill the resource requirements of the Agency necessary for us to handle our workload.

Directly under the responsibility of the Chairman and the Board are the Division of Administrative Law Judges and the staffs of the Board Members. I would like to briefly address these two areas at this time. The General Counsel has statutory responsibility for the investigation and prosecution of cases. She will be addressing these concerns separately.

ADMINISTRATIVE LAW JUDGES

In 1985 our Administrative Law Judges closed 718 hearings, issued 820 decisions and obtained 715 settlements, 418 in person and another 297 by means of conference calls. I am gratified to tell you that the number of cases pending a trial before the Division of Administration Law Judges declined for the fourth year in a row from a peak two years ago of more than 3,100 to 868 at the end of Fiscal Year 1985. This decline is continuing into 1986, and the total trial backlog as of 1 March was 762. Our judges' backlogs of hearings and decisions are the most current they have been in about 10 years.

Along with a recent decline in case intake a significant factor in this achievement is the emphasis within the Division of Administrative Law Judges, and in the operations under the responsibility of the General Counsel, on settling cases whenever possible. This settlement emphasis is critical, not only because every 1 percent increase in the number of meritorious case settlements eventually saves the Agency over $1 million in litigation costs, but also because the parties themselves avoid the delays and cost inherent in the formal trial process and subsequent consideration by the Board and the Courts of Appeals. The cost effects of fluctuations in the settlement rate, of course, do not all occur in the same fiscal year, but depend on when the cases would move through subsequent stages of disposition.

MEMBERS' STAFFS

Under present Budget estimates the Board Members will be faced with the formidable task of deciding 1,119 contested unfair labor practice cases in 1986 and 1,141 in 1987. In 1985, the Board decided 889 unfair labor practice cases and 399 election cases. Present estimates call for the Board to decide 533 contested representation cases in 1986 and 545 in 1987.

The output of Board decisions in 1985 has for the second year in a row resulted in lowering the Board's backlog of undecided cases. The backlog reached its all time high of 1,628 unfair labor practice and representation cases in February, 1984. At the end of February 1986 the backlog had declined to 1,140 cases, a drop of 488 cases or 30 percent. We have achieved this reduction without increasing the number of attorneys assigned to each Board Member. Assistance was obtained by means of details of experienced attorneys from offices under the General Counsel where caseload permitted the lending of employees to the Board. The budget for 1987 anticipates that the Board will continue to reduce the number of cases awaiting its decision.

There has been an increase in recent years in the number of representation matters coming to the Board for decision, and I should also note that, in addition to numerous initial decisions in contested election cases, the Board also rules on several hundred other appeals and requests for review of decisions by the Regional Directors. In these types of cases, our budget also provides for keeping current despite an increasing workload.

CONCLUSION

It is my firm belief that the process afforded by the NLRB to resolve conflict is valuable and that it is essential that the Agency receive its requested funding. It is my intention to assure that the Agency will do all that is possible to resolve the labor disputes within its jurisdiction in a timely, professional manner. I offer you my further commitment to assuring that the NLRB's mission is carried out expeditiously and in the most cost-effective manner.

STATEMENT OF

ROSEMARY M. COLLYER,
GENERAL COUNSEL OF THE NATIONAL LABOR RELATIONS BOARD

BEFORE THE

SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND
RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

APRIL 21, 1986

Mr. Chairman and distinguished members of the Subcommittee: I am pleased to appear before you as General Counsel of the National Labor Relations Board and in support of this Agency's budget request for Fiscal Year 1987.

For Fiscal Year 1987 we have a budget request for $130,865,000, an increase of $1,810,000 from the 1986 total funding of $129,055,000. The NLRB's 1987 request will support all normal Agency casehandling operations. It will provide all of the funds necessary to process in 1987 36,000 unfair labor practice cases and 9,000 representation petitions; a total case increase of about 4.7 percent over 1986. Each of these cases will be initially processed in one of the regional offices under the General Counsel's responsibility. The total 1987 staff request for the Agency is for 2,390 FTE.

As part of the normal budget process, the Agency has already submitted a detailed "Justification of Estimates for Fiscal Year 1987". Because of the importance of the Office of the General Counsel in the casehandling and administrative functions of the Agency, I would like to take this opportunity to review in greater detail the responsibilities of my office, highlight the accomplishments of Fiscal Year 1985, and talk about the outlook for Fiscal Years 1986 and 1987.

RESPONSIBILITIES OF THE OFFICE OF THE GENERAL COUNSEL

As you know, the National Labor Relations Act (29 U.S.C. 141-167) provides that "the General Counsel shall exercise general supervision over all attorneys employed by the Board (other than Administrative Law Judges and legal assistants to Board Members) and over the officers and employees in the Regional Offices. He shall have final authority on behalf of the Board, in respect of the investigation of charges and issuance of complaints under Section 10, and in respect of the prosecution of such complaints before the Board, and shall have such other duties as the Board may prescribe..."

As a result of this statutory authority, the General Counsel supervises the Agency's field establishment of thirty-three regional offices. It is those Regional Offices that receive unfair labor practice charges, investigate them, determine their merit, and then as to those cases deemed meritorious, settle or prosecute them. Under authority delegated by the Board, the Regional Directors also receive and process representation petitions; determine appropriate units for employee representation; conduct elections; resolve allegations of objectionable election conduct, and certify election results. Additionally, the General Counsel subs enforcement of Board decisions administratively or by litigation in the Circuit Courts of Appeal.

The Agency does not have complete control over its case intake. It must respond to all inquiries concerning possible violations of the National Labor Relations Act. When an unfair labor practice charge is filed at one of the Agency's thirty-three regional offices, 3 sub-regional offices or 16 resident offices, it begins to move through what can be described as a casehandling "pipeline". The newly filed charge is investigated first for merit and, if found to be meritorious, the parties are encouraged to settle without further action. Non-meritorious cases are withdrawn or dismissed. If a case is found to have merit and no initial settlement is reached, then a complaint is issued and a hearing held before an Administrative Law Judge. Following the hearing and the Judge's decision, there may be further appeals to the Board and the Courts of Appeal. At any point in the process, the parties may reach a settlement agreed to by the Agency, obviating the need for further proceedings.

Because each unfair labor practice charge brought before the Agency must be resolved and because an ever greater amount of time and resources must be devoted to achieving the resolution of a case the further it proceeds along the Agency's casehandling "pipeline", we have defined four major objectives which must be met in order for the Agency to effectively enforce the NLRA and thereby facilitate the nation's economic growth. These objectives are: first, to carefully screen out clearly non-meritorious cases; second, to maintain the NLRB's traditionally high settlement rate; third, to continue to develop more efficient means of casehandling in order to process quickly and fairly the maximum number of cases; and fourth, to achieve these objectives with a commitment to maintaining and even improving the quality of our service to the public.

In order to meet the first challenge, the Office of the General Counsel utilizes an intensive public information officer program in our field offices. This program seeks to provide help to those who contact our offices about their concerns. Careful attention at this early, prefiling stage assures that we can screen out many no-merit charges, thus saving Agency resources which would otherwise be expended in investigating nonmeritorious charges if they were filed. It is through the administration of this important program that many thousands of persons are provided with guidance as to what this Agency can and cannot do for them, and as to whether or not they should file a charge. The effectiveness of this program is demonstrated by the fact that during Fiscal Year 1985 this Agency's field offices handled 196,400 such contacts from employees, unions and employers, of which only about 12,248 resulted in the filing of an unfair labor practice charge. (Approximately 20,280 additional charges were filed directly during FY 85.) Thus, the Regions through this program minimize the chances of unnecessary case filings that, had they been filed, would have drained already limited resources.

The second challenge, achieving the maximum number of settlements, involves a great deal of preparation, time, and effort on the part of the staff of the Office of the General Counsel. Administrative Law Judges will also aid the parties in an effort to reach an equitable settlement. Even in the highly simplified picture of the Agency's case "pipeline" just discussed, it is apparent that as a case progresses from the initial investigation by our field staff to its litigation in the courts, the drain on Agency resources becomes increasingly severe. In fact, a decrease of 1 percent in the settlement rate for meritorious cases may result in an additional cost to the Agency of more than one million dollars by the time all of the work generated by fully litigating such cases is completed.

The third challenge faced by the Office of the General Counsel and the rest of the Agency is the ongoing necessity of quickly processing the maximum number of cases within our budget constraints with fairness to all concerned parties. The NLRB has a long history of increasing its level of productivity and its success has been documented by the Bureau of Labor Statistics, the Office of Personnel Management and by the Comptroller General.

Finally, and importantly, we are committed to providing quality services to those who are involved in Agency proceedings.

Accomplishments in Fiscal Year 1985

The record of the Office of the General Counsel in 1985 reflects the careful attention given to our obligations under the NLRA and to our obligation as stewards of public funds. Both the Washington and Field offices under the General Counsel's responsibility have consistently been able to maintain a high level of service to the public. These staffs are composed of hard working and dedicated public servants and it is their commitment, combined with the assistance of this Committee, that has made this fine record possible.

The NLRB's level of service is reflected in these 1985 operating results:

1. Case Intake. The Regional Offices accepted and began processing approximately 40,930 total cases. The 32,528 unfair labor practice cases filed are a decrease of 6.7 percent from those filed in Fiscal Year 1984. There were 8,402 representation cases filed, a decrease of 4.2 percent from 1984.

2. Unfair Labor Practice Case Dispositions. Of the unfair labor practice charges filed, 32.4 percent were found to have merit, down slightly from the 34.1 percent in 1984. The settlement rate was 92.5 percent, a slight increase from the 92.4 percent achieved in 1984. A total of 3,018 complaints were issued in a median time of 44 days as compared to 45 days in 1984. The Agency closed approximately the same number of cases as were received.

3. Litigation Results. The 74.6 percent of Board and Administrative Law Judge decisions won in whole or in part in Fiscal Year 1985 is an increase from the 72 percent litigation rate of Fiscal Year 1984.

4. Representation Case Performance. The regional offices conducted about 4,526 elections of which 81.5 percent were pursuant to agreement of the parties; in 1984, the corresponding figures were 4,552 elections and 84.0 percent agreements. Regional directors issued 1,083 decisions in contested representation cases after hearing in a median time of 42 days, compared with the 1,012 decisions, issued in a median time of 41 days, in 1984. There were 1,411 initial representation and union deauthorization hearings in 1985, compared with 1,393 in 1984.

5. Productivity. In 1985, as in 1984, productivity was affected by a decline in case intake which was greater than staff attrition. Productivity is budgeted to increase substantially in 1986 as the 1985 imbalance between caseload and staff is rectified and to increase about 7.9 percent more in 1987.

6. Injunction Activity. During Fiscal Year 1985, the Regional Offices submitted 13.8% fewer cases involving request for Section 10(j) injunction to the Division of Advice than in 1984. The Board authorized 10(j) injunction in 38 cases in 1985 compared to 30 in 1984.

   The Regional Offices filed 76 petitions for Section 10(l) injunctions with the appropriate U.S. District Courts. In 1984, 95 petitions were filed.

7. Appellate Litigation. In Fiscal Year 1985, 188 cases were decided by the United States Courts of Appeals compared with 259 in Fiscal Year 1984. Of these, 63.5 percent were enforced in full and a total of

89.4 percent were won in whole or in part, compared with 81.1 percent in Fiscal Year 1984; 5.8 percent were remanded entirely compared with 8.5 percent in Fiscal Year 1984; and 4.8 percent were entire losses compared with 10.4 percent in Fiscal Year 1984.

These are but a few of the achievements this past year. I am particularly proud of this Agency's settlement record and the time statistics described above. Taken together with the very favorable comments of practitioners from across the country about the quality of the service they receive, they reflect the truly outstanding commitment of the Regional and Washington staffs.

Outlook for Fiscal Year 1986

For 1986, the offices under the General Counsel are operating effectively and efficiently. Tight control continues to be exercised over expenditures to ensure effective use of the Agency's resources and our staff level is being permitted to decline by attrition to a lower level to come into balance with the expected workload. As this balance is achieved, we expect to show a substantial productivity increase.

Outlook for Fiscal Year 1987

If the level of workload estimated for 1987 is reached, the Office of the General Counsel will face the considerable challenge of achieving a 7.9 percent increase in productivity over 1986. If accomplished, this will result in the Agency surpassing its historic best level of performance. I am confident that, with the dedication and hard work of our employees and the thoughtful direction of our managers and supervisors, we can meet our goals.

Despite our efforts, though, we cannot expect that the settlement experience of Fiscal Year 1982 through 1985, averaging over 91 percent, will necessarily continue into Fiscal Year 1987. Thus, we have estimated that the settlement rate for 1986 will not exceed 91 percent. The Fiscal Year 1987 Agency employment request is expected to be sufficient to process all of the cases that are estimated to be filed.

CONCLUSION

The National Labor Relations Act has just completed its 50th year. From the foregoing review of the performance of the Office of the General Counsel it is clear that we begin our second half century with a healthy, productive and committed organization. I am very proud to be associated with the traditions that have made the headquarters and field operations of the Office of the General Counsel such a fine example of effective public service.

I would like to thank the Committee for the opportunity to appear before it and for the support you have shown the National Labor Relations Board over the years.

Mr. NATCHER. Thank you very much.

BOARD MEMBERS

How many Board members are currently serving at this time?

Mr. DOTSON. At this moment, we have five members.

Mr. NATCHER. When is the next term expiring on the Board?

Mr. DOTSON. The next term expires in August of this year, but it appears that member Dennis will be leaving as soon as her nomination to the Federal Communications Commission is passed by the Senate.

Mr. NATCHER. For the record, provide a biographical sketch of each Board member and show the term expiration date of each in the record.

[The information follows:]

BIOGRAPHICAL DATA: DONALD L. DOTSON

DATE OF BIRTH: October 8, 1938

RESIDENCE: Arlington, Virginia.

EDUCATION:

University of North Carolina, B.A.- 1960
Wake Forest University , J.D. - 1968
Member of the North Carolina, Pennsylvania and Supreme Court Bars

MILITARY SERVICE: U. S. Navy 1960-1965

EMPLOYMENT HISTORY:

Appointed by President Reagan as Chairman of the National Labor Relations Board, sworn in March 8, 1983 for a term which expires December 16, 1987.

1981-Feb., 1983: Assistant Secretary of Labor for Labor Management Relations

1975-1981: Chief Labor Counsel, for the Wheeling-Pittsburgh Steel Corporation

1975-1976: Labor Attorney, Western Electric Company, Inc., Corporate headquarters

1973-1975: Labor Counsel for Westinghouse Electric Corporation and Subsidiaries

1968-1973: Attorney, National Labor Relations Board

PATRICIA DIAZ DENNIS
Member, National Labor Relations Board

Patricia Diaz Dennis took the oath of office as a Member of the National Labor Relations Board on May 5, 1983, following nomination by President Ronald Reagan and confirmation by the United States Senate.

Born in Santa Rita, New Mexico on October 2, 1946, Member Dennis is the first Hispanic, 2nd woman and the 38th person named to the five-Member NLRB. Her term will expire on Aug. 27, 1986.

A Democrat, Member Dennis received her A.B. degree at UCLA in 1970 and her J.D. degree at Loyola University of Los Angeles in 1973. In her academic career, she also studied at the University of North Carolina (1967-1968), San Francisco College for Women (1965-1967), and attended the University of Toronto as an exchange student (1968). She received many college honors, including dean's list, and was executive editor of the Loyola Law Review.

Following law school graduation in 1973, Mrs. Dennis entered the private practice of law with the Los Angeles firm of Paul, Hastings, Janofsky & Walker where she specialized in labor law. In 1976, she joined the Pacific Lighting Corp. in Los Angeles as an attorney.

In 1978, Mrs. Dennis was hired by the American Broadcasting Company, where she practiced labor law as well as general legal work for the network's Labor Relations and Legal Affairs Department - West Coast. In 1979, she was promoted to assistant general attorney, a position she held when named to the NLRB.

Member Dennis is a member of the State Bar of California, the United States District Court, Central District of California, the District Court of Appeals and the Supreme Court of the United States.

With her husband Michael, also an attorney, and their three children, Member Dennis resides in Northern Virginia.

01/15/86

RESUME

WILFORD W. (BUD) JOHANSEN

Office Address:
National Labor Relations Board
1717 Pennsylvania Avenue, NW
Suite 650
Washington, D.C. 20570
(202) 254-9445

Married - Two Children
United States Citizen

EDUCATION

BA	1951	Idaho State University, Pocatello, Idaho Political Science, Pre-Law
LLB	1957	George Washington University Law School, Washington, D.C.
	1972	Federal Executive Institute, Charlottesville, Virginia Graduate Management Training (8 Weeks)

PROFESSIONAL EXPERIENCE

1958 - Present NATIONAL LABOR RELATIONS BOARD

May 1985 - Present Member, National Labor Relations Board, Washington, D.C.

Appointed by President Ronald Reagan to assume duties of Board Member as set forth in the National Labor Relations Act. Current term expires August 27, 1988.

April 1984 - October 1984 Acting General Counsel, National Labor Relations Board, Washington, D.C.

Appointed by President Ronald Reagan to assume duties of General Counsel As set forth in the National Labor Relations Act. Duties included supervising the Agency's 51 field offices and managing the General Counsel's Washington staff, including the Divisions of Advice, Litigation, Operations Management, and Administration.

Worked closely with the Board on matters of mutual concern. With the Board, developed the Agency's FY-1986 budget and presented it to the Office of Management and Budget. Responded to Executive Branch and Congressional inquiries.

Professional Experience (continued)

Involved directly in the legal disposition of 10(j) requests, appeals of regional director dismissals in unfair labor practice cases, enforcement of Board orders, contempt of court judgements, and certiorari to the Supreme Court.

1971 - May 1985	Regional Director, Region 21, Los Angeles, California

Have full responsibility for the administration and the procedural and legal functions of the Regional Office. Serve as the Board's and the General Counsel's representative in enforcing the National Labor Relations Act in Region 21. Boundaries of the region include part of Los Angeles County and the Counties of Orange, San Diego, Imperial, and Riverside.

Supervise a staff of as many as 55 field attorneys and field examiners and a support staff of 25. The region handles approximately 1600 unfair labor practice cases and 400 representation cases annually.

Chairman of the Agency's Regional Director's Committee since 1982. West Coast committee representative since 1975.

Represented the Regional Directors on the Agency's management negotiating committee during the 1983-84 field contract negotiations.

Charter Member, Senior Executive Service. Received Outstanding Performance Bonus, 1982.

1961 - 1971	Deputy Assistant General Counsel, Division of Operations Management, Office of the General Counsel, Washington, D.C.

Acted as liaison between the General Counsel and the regional offices in case handling and administrative matters.

1959 - 1961	Field attorney, Region 21, Los Angeles, California

Investigated and tried unfair labor practice cases and handled representation cases.

1958 - 1959	Attorney, Office of Appeals, Washington, D.C.

PROFESSIONAL ASSOCIATIONS AND SERVICE

District of Columbia Bar - Admitted 1957.

Member, District of Columbia Bar Association - Labor Law Section.

Member and Past President, Southern California Industrial Relations Research Association.

Member, Los Angeles Federal Executive Board.
- Chairman, Labor Relations Committee
- Member, Policy Committee

Advisor, Los Angeles County Bar Association, Annual Labor Law Symposium.

Established and Co-Sponsored, NLRB-Orange County Industrial Relations Research Association Annual Labor Law Conference.

MILITARY SERVICE

1952 - 1955	United States Army, Counter Intelligence Corps, Korea Honorable Discharge

MARSHALL B. BABSON
MEMBER, NATIONAL LABOR RELATIONS BOARD

Marshall B. Babson was nominated by President Ronald Reagan to be a Member of the National Labor Relations Board on 11 March 1985. He was sworn in as a member of the Board on 1 July 1985, for a term ending 16 December 1989.

Immediately prior to being named to the NLRB, Mr. Babson had been a partner with the New Haven, Connecticut law firm of Wiggin & Dana, where he specialized in labor and employment law. Prior to joining Wiggin & Dana in 1977, Mr. Babson had been associated from 1975 to 1977 with the San Francisco law firm of Littler, Mendelson, Fastiff & Tichy.

Member Babson attended the Hotchkiss School, Lakeville, Connecticut, and is a graduate of the University of Pennsylvania (A.B. 1968) and the Columbia University School of Law (J.D. 1975). From 1968 to 1972, he served on active duty in the United States Naval Reserve, attaining the rank of Lieutenant.

Mr. Babson is a member of the Labor and Employment Law Sections of the American Bar Association and of the Connecticut Bar Association.

A native of Dover, New Hampshire, Mr. Babson is married to the former Elizabeth E. Goldfarb of West Hartford, Connecticut. They reside in Potomac, Maryland with their two children, Caroline(8) and Andrew (5).

A Democrat, Mr. Babson was born in Boston, Massachusetts on 27 November 1945. He is a member of the California and Connecticut Bars.

The NLRB is an independent federal agency created in 1935 to administer the National Labor Relations Act--the country's principal labor relations legislation granting workers the right to organize and bargain collectively should they choose to do so.

# # #

21 January 1986

JAMES M. STEPHENS
MEMBER, NATIONAL LABOR RELATIONS BOARD

James M. Stephens was nominated by President Ronald Reagan to be a Member of the National Labor Relations Board on 13 September 1985. He was sworn in on 1 November 1985 for a term expiring 27 August 1990.

From 1981 until his appointment, Mr. Stephens, a Republican, had served as Labor Counsel to the Senate Committee on Labor and Human Resources. Previously, he was Associate Minority Labor Counsel to the House Committee on Education and Labor in 1977-1981; an associate in the law firm of Roetzel and Andress in Akron, Ohio in 1973-1977; and law clerk for Judge Leo A. Jackson, Ohio Court Appeals, Eighth Appellate District in Cleveland, Ohio in 1971-73.

He graduated from Wittenberg Univeristy (A.B., 1968) in Springfield, Ohio, and Case Western University (J.D., 1971) in Cleveland, Ohio. He is married, has a 16-month old son, and resides in Vienna, Virginia. He was born 16 September 1946 in Rochester, New York.

3 March 1986

Mr. NATCHER. Pursuant to the Gramm-Rudman law in 1986, the agency will lose $5,799,000.

EFFECT OF GRAMM-RUDMAN REDUCTION

Can you tell us what the general effect of this reduction will be on the agency?

Mr. DOTSON. We believe, Mr. Chairman, that it will have no serious effects for two reasons, primarily.

One, we had already been in the process of looking for ways to operate more efficiently, and we had found some. Secondly, our case intake again did not come up to our expectations.

Mr. NATCHER. What categories of expenditures do you plan to cut as far as this Gramm-Rudman reduction is concerned?

Mr. DOTSON. Most of the savings will be effected through the cost connected with the decrease in the case intake, and most of this, we think we can meet though the normal attrition.

We have found some efficiencies through word processing, and administrative measures, that we believe will allow us to take cuts without any reduction in our services.

Mr. NATCHER. Will there be any employee furloughs in 1986?

Mr. DOTSON. None are planned, to my knowledge.

Mr. NATCHER. How much of the Gramm-Rudman reduction is restored in your 1987 budget?

Mr. DOTSON. None. It carries through with the same percentages.

FY 1987 REQUEST

Mr. NATCHER. The 1987 request is for $130,865,000, and a staffing level of 2390. How does that compare with the revised 1986 level?

Mr. DOTSON. I am told it will be down 104.

Mr. NATCHER. Money-wise now, how much money are we talking about?

Ms. COLLYER. An increase of $1,810,000 over fiscal year 1986, but a decrease in positions.

Mr. NATCHER. A decrease in positions?

Ms. COLLYER. Yes, sir.

Mr. NATCHER. All right.

How much of your requested increase is related to a projected increase in caseload, case intake?

Ms. COLLYER. Most of the projected increase, Mr. Chairman, results from built-in costs to handle the personnel that we will have on board at that time; that is, within grades and other promotions.

Only a small amount goes to the question of the increased case load, because we have projected a productivity increase for next year to take up the difference.

STAFFING

Mr. NATCHER. Your case intake estimate for 1987 is up by 2,000 over 1986, and your staff level is going down by 104, 4.2 percent.

How do you explain that?

Ms. COLLYER. The reason for that apparent inconsistency, Mr. Chairman, is that over the last number of years, our case load has been on the decline, and we have allowed our staffing levels to decline through attrition rather than through any forced reductions.

We are still in an attrition mode on staffing, and when we get to fiscal year 1987, we anticipate that our staffing, which will be reduced as you indicate, will then match our case load so that our productivity figures will be back to the traditional high levels of productivity of the agency.

Mr. NATCHER. Would you say that you are overstaffed at the present time?

Ms. COLLYER. Slightly overstaffed, yes, sir. Excuse me, if I might add, that is in the Office of the General Counsel.

Mr. NATCHER. I understand.

FY 1987 PRODUCTIVITY INCREASE

On what basis do you expect staff productivity to increase by 5.6 percent in 1987?

Ms. COLLYER. The productivity rate is just a mathematical calculation of the workload and the number of people available to perform the work. Since we will be decreasing the number of people available, and anticipate an increase in the workload, the productivity figure will also increase as a result of the arithmetic.

We expect we will be able to do that, although that is a record increase, because of the dedication of the employees involved, the training in which we have been engaged, and the traditional management systems of the agency.

FY 1986 PRODUCTIVITY REDUCTION

Mr. NATCHER. Last year, you were projecting the same percentage increase, 5.6 percent for 1986. What is your current estimate for 1986?

Ms. COLLYER. Productivity figure, Mr. Chairman?

Mr. NATCHER. Yes.

Ms. COLLYER. I don't have that figure immediately available, but can provide it. It is lower than anticipated because our attrition rate has declined. We are no longer having people voluntarily leave the agency at the rate we anticipated, and the case load is not exactly what we anticipated, either.

As a result, the figure is not what we projected as of this time a year ago.

[The information follows:]

PRODUCTIVITY RATE

Given our current staffing and the dispositions achieved to date, our productivity rates show approximately a 3% decrease, which is attributed to our present overstaffing. We are overstaffed because we have not received the estimated increase in case intake. However, we are decreasing our staff through attrition and the productivity drop has declined from last year when it dropped 7.7% from the previous year. We are very close now to achieving our traditional balance between case intake and staffing. We expect that we will achieve that balance in FY 87. At the same time, I would note that we are current in our casehandling.

CASE INTAKE DECREASE

Mr. **Natcher**. Your case intake has dropped considerably in the past several years. How do you explain this?

Ms. **Collyer**. It is very difficult to explain, because I believe that there are a variety of factors. The agency does not in any way create its own case load. We only respond when charges or petitions for election are brought to us.

The simple answer is that individuals, employers and unions have not been filing the same numbers of charges. Our guess is that is primarily due to a decrease in organizing activity on the part of organized labor over the last few years, which resulted from economic changes in the country at large.

Mr. **Natcher**. What is the total personnel level of the National Labor Relations Board?

Ms. **Collyer**. At this time, sir? At this moment, there are 2400 permanent full-time employees and 70 part-time and student employees.

FY 1987 SETTLEMENT RATE

Mr. **Natcher**. What is your estimate for the settlement rate in 1987?

Ms. **Collyer**. For budget purposes, Mr. Chairman, a 91-percent settlement rate, which is higher than the traditional figure, which is in the high eighties, but lower than we have been able to obtain in the last few years.

Mr. **Natcher**. How does this compare with 1985 and 1986?

Ms. **Collyer**. In terms of the actual settlement rate we were able to obtain in 1985, I believe it was 92.5 percent of our meritorious cases were settled, so it is 1.5 percent less than that.

The 1986 figure is not available yet.

Mr. **Natcher**. On page 14 of the justifications, we see that the actual number of settlements declined significantly in 1985. Why?

Ms. **Collyer**. Because the number of cases declined. The percentage was still high, but the raw number of settlements declined because the number of cases declined.

BOARD BACKLOG

Mr. **Natcher**. How many cases are currently pending at the Board level?

Mr. **Truesdale**. 847 unfair labor cases assigned, 230 representation cases.

Mr. **Natcher**. How does that compare with a year ago?

Mr. **Truesdale**. Considerably lower; there were 1,198 unfair labor practice and representation cases assigned a year ago.

Mr. **Dotson**. The backlog, Mr. Chairman, is down about 10 percent, as of this time last year, and it is down over a third from its peak of about two years ago.

Mr. **Natcher**. How many decisions do you expect Board members to issue in 1986 and 1987? What would you say?

Mr. **Truesdale**. The anticipated number for 1986 is 1,119 unfair labor practice decisions and 430 representation decisions. Whether we will be able to make that or not is problematic, because during this fiscal year, we have had three new Board members coming into the process, and that takes additional time, and that may be a problem in that respect.

Mr. **Natcher**. How many were issued in 1985?

Mr. **Truesdale**. 1985 was 889 unfair labor practice decisions and 426 representation decisions.

Mr. **Natcher**. Mr. Conte.

Mr. **Conte**. Thank you, Mr. Chairman.

VALUE OF BOARD PROCESS

Mr. Dotson, and Ms. Collyer, we have now entered the second half-century of the National Labor Relations Board. Last year's 50th anniversary was a chance to look back on what has been accomplished. This year, perhaps, is one to look ahead.

There are a lot of people who have dedicated their lives to the goal of establishing fair and peaceful relations between management and labor, under rational rules of law. And I bet a lot of those people are in the room here today. How does it make you feel that some people are now saying that the NLRB has become so problematic that workers would do better if the Board were abolished, and things went back to how it was before the Board was established, when struggles were played out in the streets?

Mr. **Dotson**. I think it is fair to say that there would always be some who would say it was problematic, controversial and the most inflammatory rhetoric was probably used at the time of its founding. We had occasion to look at some of that during the 50th anniversary celebration.

Every amendment to the Act has been met with loud outcries, so I don't think there is anything new about the kinds of comments that are made about the Board. It is in the nature of it that we operate at a controversial area, and we are at the friction point between some strong economic and often emotional interests.

As to whether the Board is irrelevant, I think a lot of people who say that perhaps don't really mean it. I don't know of anyone in the labor relations community who seriously believes that.

I certainly don't. The Board, by its nature, and the way in which Congress created it, is permitted to adjust to the times, and permitted to make mistakes and to attempt to correct them, and attitudes and positions that may have been appropriate for the Board 40 years ago might not be so good today.

But we have, as you know, the most free system of collective bargaining in the world, and the National Labor Relations Board plays a very important part in seeing that people who want a union have the opportunity to vote in secret ballot elections, and that the parties have a chance to express their views about the matter, and the Board still plays a very important role in the unfair labor practice area to protect those rights.

I might add, during the last two years, we have collected more backpay than any past years and reinstated a substantial number of people who have been discriminated against.

ACCOMPLISHMENT AS CHAIRMAN

Mr. **Conte**. You mentioned those two. What would you say your major accomplishments as Chairman of the NLRB have been?

Mr. **Dotson**. I think there are a couple of other factors that are worth mentioning. There seems to be a renewed emphasis in the industrial relations community on people trying to work their problems out.

I do not know of many situations where people litigate themselves into happiness and good relationships. There have been temptations at times to do that.

People are coming to the realization that the best solutions are those that are arrived at by the parties immediately involved.

Speaking for myself, some of my votes on decisions have been calculated to encourage that, and that has been the effect of some of our decisions. They meet with mixed reactions, as you know.

The Supreme Court, for a long time, has strongly endorsed voluntary resolution, arbitration, less formal means. We have tried to return some emphasis to that, for example.

IMPACT OF REDUCED BUDGET

Mr. **Conte**. Last year was the first time in recent history that the Board's annual appropriation actually decreased from the preceding year, and that was before you took the $5,700,000 Gramm-Rudman cut. What specific activities were curtailed because of that decrease, and how, if at all, has it affected the Board's handling of the case load?

Mr. **Dotson**. Most of that decrease relates to costs associated with just the actual processing of cases. There has been a factor of our finding some more efficient ways to do things, but primarily the decrease in business for us, which people have different explanations for and want to talk about different aspects of it, but there may be a positive aspect to this, again indicating that maybe people are working out their own problems.

Ms. **Collyer**. Mr. Conte, we have also, beginning at the very beginning of this fiscal year, planned for the possibility of Gramm-Rudman impact, and so, for instance, we have continued to engage in an attrition-hiring situation, where we have not hired into the Office of the General Counsel except in a real emergency.

We have suspended some of our otherwise planned-for training conferences, and other kinds of conferences, because those are monies we can better spend elsewhere; and we have curtailed some of our travel expenses and engaged in very strict space management efforts to save money in future years. We have also worked with our employees to suspend some of our programs of interchange and exchange, so that we don't have to experience those costs as well.

Mr. **Conte**. Your rent account is down?

Ms. **Collyer**. Down. It is down from 1986 to 1987, and we are hoping it will be down further.

REQUEST TO OMB

Mr. **Conte**. As I see it, the level that you are asking for fiscal year 1987 is below the fiscal year 1986 level. Let me ask you, what was your budget submission?

Ms. **Collyer**. For 1987?

Mr. **Conte**. To OMB.

Mr. **Vincent**. Just slightly under $133,000,000, Mr. Conte, so we are talking about——

Mr. **Conte**. You got $130,000,000 instead?

Mr. **Vincent**. A little over $2,000,000 difference.

Mr. **Conte**. The budget proposes to eliminate some 104 full-time equivalent positions. What positions will be eliminated under the budget proposal?

Ms. **Collyer**. Well, those positions will all be in the Office of the General Counsel.

Mr. **Conte**. All of them?

Ms. **Collyer**. I think, yes. A few in the Division of Administration.

Mr. **Vincent**. A small attrition in the Division of Judges, also.

Mr. **Conte**. You must have had quite an army.

Ms. **Collyer**. The General Counsel by statute supervises our 52 field offices, so therefore, those constitute part of the Office of the General Counsel.

SHIFT OF WORKLOAD

Mr. **Conte**. I was interested to see in the budget documents that while no FTEs will be lost because of Gramm-Rudman, a number are being switched around between the Board's various functions. For instance, Board adjudication and compliance go up slightly, while field investigation and ALJ hearings go down. How is it that Gramm-Rudman changed the workload between these offices?

Ms. **Collyer**. You are speaking of different things. The Board adjudication would be the decision function of the Administrative Law Judges and the members of the Board. Compliance with Board orders is a function of the General Counsel's Office, and in fact, our compliance efforts are increasing.

With the problems that we are having in the compliance areas these days, obtaining back pay, reinstatement, et cetera, because of bankruptcies, reorganizations, other failures to comply totally, I have notified the regional offices that compliance is a critical area, as long as I am General Counsel.

So, we are reorganizing our compliance efforts and putting in additional resources, so that we not only get legal victories, but real-life victories.

In terms of investigation, and the decline in resources for investigation, that is because of a decline in the number of charges filed, and so, therefore, fewer investigations.

ALJ BACKLOG REDUCTION

Mr. **Conte**. Are you one of the Administrative Law Judges?

Mr. **Welles**. Yes, sir, I am the Chief Judge.

Mr. **Conte**. You should step forward, so we can give you a medal. You have reduced the backlog of cases at the ALJ level considerably.

Mr. **Welles**. The lowered intake reduced it, although we had something to do with it. I don't want to take all the credit.

Mr. **Conte**. All right.

How long does it take now from the time of filing an unfair labor practice claim to the time a hearing is given?

Ms. **Collyer**. In most of our regional offices, it is about three months, between two to three and a half months.

Mr. **Conte**. How long is the time period until an ALJ decision is reached, and how does that compare to the high point a couple of years ago?

Mr. **Welles**. About 120 days, Mr. Conte. That is lower than it was a few years ago, when it was up to 168, 170 days, for about four or five years.

PENDING CASES AT BOARD LEVEL

Mr. **Conte**. The number of pending cases at the Board level, however, while still coming down, remains extraordinarily high. The all-time high was reached in February of 1984 at 1,647 cases, and you have now gotten it down to around 1,140.

Is that an acceptable level of pending cases, Mr. Dotson?

Mr. **Dotson**. I don't consider it an acceptable level, and I don't think most people consider it an acceptable level.

Mr. **Conte**. At the present rate of operations, how long will it take for you to reach an acceptable level?

Mr. **Dotson**. It will depend very much on what kind of turnover we experience. We have not had the benefit of continuity of Board members that the Board has had at times in the past. I have looked at the productivity figures going back over the years, and it is very clear that Board members reach a level of productivity sometime after they have been there, and then the disruption that is caused by coming and going slows things down.

So it is very difficult to predict, and there is the factor of the Board members themselves. Some come with a great deal of experience and begin making decisions immediately.

Others take a while, and it is through no fault of their own that this happens.

INJUNCTIVE RELIEF

Mr. **Conte**. In addition to the concern over pending cases at the Board level, there has also been a concern over the Board's infrequent use of its injunctive powers while an unfair labor charge is being litigated. When combined with the length of time it takes a case to be fully litigated, that could mean that relief from an unfair labor practice can come years after the practice was committed, obviously not much good.

What is the average time it takes the Board, from the time a request for injunctive relief is submitted to the time the Board makes a decision as to whether to seek injunctive relief? And what is the percentage of such requests the Board authorizes?

Mr. Dotson. The target time is 72 hours for the Board, and it is generally met, but it is probably the aberrations that cause the problems. If I may comment on your observation about injunctive relief?

I agree with your observation, and there are some things that could be done to improve it. I have suggested that the General Counsel ought to be able to go ahead and seek injunctive relief without the Board being involved, and that would speed things up, but it is not a suggestion that has been met with any success.

Mr. Conte. What was that?

Mr. Dotson. The suggestion that the General Counsel ought to be able to seek an injunction without the Board's approval.

Mr. Conte. Have you got a proposal?

Mr. Dotson. I have suggested it, but it hasn't been accepted.

Mr. Conte. I see. Where is the problem, the Legislature?

Mr. Dotson. Well, I think the Board can delegate to the General Counsel. I think it has been done in the past. I believe General Counsel has had that authority in the past, and the Board has drawn it back to itself, and I think we ought to give it back to the General Counsel.

REGIONAL OFFICE BOUNDARY STUDY

Mr. Conte. I was interested in that rent again, because some of those figures are staggering. You said you cut down space. You are not planning on closing any offices, are you?

Ms. Collyer. Not at the moment, no.

Mr. Conte. How long is a moment?

Ms. Collyer. Not within this budget proposal, although I will tell you that in light of the long-term implications of Gramm-Rudman-Hollings, I have asked each of our Regional Directors, and each of the Associate General Counsels to sit down and think long and hard about new ways in which we can conduct our business for long-term savings to the government, in the expectation that our budget will not be able to increase ad infinitum.

As a result, we are engaged in a regional office boundary study: whether the boundary lines between regional offices are properly drawn according to travel requirements; whether the offices are in the right cities; and because roads get built and put in from time to time, it turns out we should move the responsibilities from one office to another to cut down overnight travel and the like, so we can end up saving financial resources.

We are in the process of that boundary study, and I didn't want you to say, you didn't tell me.

Mr. Conte. I appreciate that.

We talked some at least year's hearing about the shifts in workload between some of the regions. How have you accomplished the adjustments necessary to meet those changes in workload? Have you cut staff overall, or have you just moved them from place to place?

Ms. Collyer. We have cut staff overall, and we have, through inter-regional cooperation, addressed the problem of the overstaffed regions. That is part of the boundary study, to look at it in the longer term than just a couple of years' experience, and see whether or not permanent boundary changes ought to be made to accommodate the cases we have.

WORKLOAD BY INDUSTRY

Mr. CONTE. The budget documents state that about 11 percent of the unfair labor practice cases are filed in the construction area. Which area represents the largest percentage of your workload, and can you break that out for us across all the industries?

Mr. DOTSON. Yes, sir.

Mr. CONTE. Thank you.

[The information follows:]

INDUSTRIAL DISTRIBUTION OF CASES RECEIVED, FISCAL YEAR 1985

Industrial group	All C cases	All R cases	Total cases
Metal mining	295	15	310
Coal mining	779	40	819
Oil and gas extraction	111	12	123
Mining and quarring of nonmetallic minerals (except fuels)	87	14	101
Subtotal, mining	1,272	81	1,353
Construction	3,427	482	3,909
Wholesale trade	2,184	717	2,901
Retail trade	2,611	1,124	3,735
Finance, insurance, and real estate	307	138	445
U.S. Postal Service	1,105	2	1,107
Transportation, communications and other utilities	4,417	1,026	5,443
Manufacturing	11,426	2,955	14,381
Services	5,479	1,879	7,358
Public Administration	262	83	345
Total	32,490	8,487	40,977

Mr. NATCHER. About what percentage of meritorious cases eventually ends up at the Board member level?

Mr. DOTSON. About 4 to 5 percent.

MEDIAN TIME FOR BOARD DECISION

Mr. NATCHER. We see on page 20 of the justification that the median processing time from filing to a Board decision increased to 661 days in 1985, or about a year and 10 months.

Is this a satisfactory length of time, would you say?

Mr. DOTSON. No, sir.

Mr. NATCHER. Why shouldn't this figure be going down instead of up?

Mr. DOTSON. The largest reason for this is the number of very old cases that have been involved, and we are now focusing, trying to focus on these older cases. I would like to point out, in light of some of the comments that have been made about these cases, that a good many have been around a good while, and they were old when we arrived.

The reasons they have been around vary, sometimes complexity, sometimes the difficulty the Board members have in agreeing on how to resolve some of these more difficult issues.

ADMINISTRATIVE LAW JUDGES

Mr. Natcher. How many Administrative Law Judges does the agency currently have?

Mr. Welles. 98.

Mr. Natcher. Has the number declined significantly in the last few years as the workload fell off?

Mr. Welles. It has gone from 117 to 98 now.

Mr. Natcher. Do you from time to time loan judges to other Federal agencies?

Mr. Welles. Yes, we do. We expect to lend judges to the Comptroller General's office, FDIC and to the Federal Reserve Bank, and some to the Department of Education during this fiscal year.

Mr. Natcher. Do you do this on a reimbursable or non-reimbursable basis?

Mr. Welles. On a reimbursable basis.

WORD PROCESSING EQUIPMENT

Mr. Natcher. In 1985, the agency spent a good deal of money on word processing equipment. How much did you actually spend?

Ms. Collyer. We had estimated we would need approximately $2,000,000, but we spent about $1,200,000, and in fact ended up saving $470,000 to accomplish what we had set out to do, provide word processing equipment.

Mr. Natcher. How many did you buy?

Ms. Collyer. 210, sir, plus software.

Mr. Natcher. Who was the vendor?

Ms. Collyer. Phillips.

Mr. Natcher. How much budget savings do you expect to get from this in 1987?

Mr. Vincent. Mr. Chairman, in discussing the office automation figures with OMB, I think we were all convinced that there would be a productivity savings from that, but we have not programmed the full amount of that in the first year.

We expect some of it may show in a succeeding year. We have shown, for instance, in 1987, the ratio of clerical employees to professional employees in the regional offices dropping from 36.8 percent to 36 percent, and I suspect in the next budget, we will be showing further profit from this investment, but since it is new for us to be going into it on this scale, we wanted a period of observation of what the effects would be before we would commit ourselves.

But we do have a commitment, in concert with OMB, that we will show some savings to recover fully, and then some, the cost of this equipment.

Mr. Natcher. Will you be able to reduce your clerical staff any?

Ms. Collyer. Yes, sir, that is our expectation. As soon as the equipment is fully in an operational state, we expect it will lead to an ability to reduce the clerical staff.

SENIOR EXECUTIVE SERVICE

Mr. Natcher. How many SES employees does your agency have?

Ms. Collyer. 65.

Mr. NATCHER. How many bonuses were awarded in 1985?

Ms. COLLYER. 18—wait one moment, sir. It is just around 18.

Mr. NATCHER. What was the average bonus amount?

Ms. COLLYER. Approximately $7,000, $7,500, something in there.

Mr. NATCHER. What was the range of bonuses?

Ms. COLLYER. I don't know those figures, Mr. Chairman. I can provide them to you after the hearing, if you would like.

Mr. NATCHER. All right.

[The information follows:]

SES BONUSES

There were 18 SES Bonuses given in FY 1985 for a total of $113,377. The highest bonus $10,485 and the lowest was $5,601. The average bonus was $6,299.

Mr. NATCHER. In the future, if you would, include a detail of permanent positions in your budget justification. Next time, that would help us.

[The information follows:]

STANDARD FORM 306
July 1966, Bureau of the Budget
Circular No. A-11, Revised.
[illegible]

NATIONAL LABOR RELATIONS BOARD

DETAIL OF PERMANENT POSITIONS

	1985 actual	1986 estimate	1987 estimate
Executive Level III	1	1	1
Executive Level IV	5	5	5
SUBTOTAL	6	6	6
ES-6	2	2	2
ES-5	39	39	39
ES-4	19	20	20
ES-3	4	3	3
ES-2	---	---	---
ES-1	1	1	1
SUBTOTAL	65	65	65
GS-17	1	1	1
GS-16	116	114	114
GS/GM-15	142	141	142
GS/GM-14	441	442	441
GS/GM-13	521	549	561
GS-12	274	279	289
GS-11	148	139	148
GS-10	14	15	15
GS-9	157	150	126
GS-8	52	50	51
GS-7	195	189	186
(Mono cast: 16.8)	(Mono cast: 4.9)	(Mono cast: 4.9)	(Mono cast: 4)

STANDARD FORM 306
July 1968, Bureau of the Budget
Circular No. A-11, Revised.
306-108

NATIONAL LABOR RELATIONS BOARD

DETAIL OF PERMANENT POSITIONS

	1985 actual	1986 estimate	1987 estimate
GS-6	266	278	287
GS-5	317	326	330
GS-4	153	152	146
GS-3	92	68	63
GS-2	15	12	5
SUBTOTAL	2,904	2,905	2,905
Ungraded	25	24	24
Total permanent positions	3,000	3,000	3,000
Unfilled positions, end of year	-505	-600	-669
Total permanent employment, end of year	2,495	2,400	2,331
(Mono cast: 16.8)	(Mono cast: 4.9)	(Mono cast: 4.9)	(Mono cast: 4)

AGENCY TRAVEL BUDGET

Mr. NATCHER. Page 4, you show a 1986 base of $2,834,000 for case handling travel, leaving a remainder of about $1,200,000 for other travel costs.

What kind of travel is done with the remainder of $1,200,000?

Ms. COLLYER. Most of that travel, Mr. Chairman, is done in response to the need to manage our regional offices and the resident offices; that is, to investigate any EEO matters, or unfair labor practice charges, employee relations problems, and more importantly, to ensure the quality review of the case handling of each regional office.

And so, from the Division of Operations Management, we visit through Assistant General Counsels each regional office a couple of times a year. Travel is also included in there for training and for conferences of agency personnel, as well as travel for the Board members and the General Counsel and others to speak on behalf of the agency.

Mr. NATCHER. Provide a little more detail on your travel budget when you get the transcript back.

[The information follows:]

N.L.R.B.

TRAVEL FOR FISCAL YEARS 1985 - 1987

	ACTUAL	ESTIMATE		
	1985	1986	GRAMM-RUDMAN	1987
GENERAL COUNSEL, IMMED. OFFICE	$27,943	$25,000	$25,000	$25,000
EEO	1,585	11,000	11,000	11,000
DEPARTMENTAL	143,399	100,000	100,000	100,000
FIELD	2,739,679	2,040,000	2,040,000	2,111,000
ADVICE	15,968	15,000	5,000	5,000
ENFORCEMENT LITIGATION	143,825	247,000	237,000	220,000
ADMINISTRATION	74,650	70,000	60,000	60,000
BOARD	66,950	76,500	76,500	76,500
INFORMATION	0	1,000	1,000	1,000
DETAILS TO BOARD	133,000	96,000	96,000	0
JUDGES	504,700	690,000	590,000	672,500
TRAINING	58,214	55,000	55,000	55,000
AWARDS	1,175	2,000	2,000	2,000
COLLECTIVE BARGAINING	2,595	6,000	6,000	6,000
EEO CONFERENCE	0	10,000	0	0
EXCHANGE PROGRAM	109,952	120,000	30,000	120,000
CONFERENCES	403,283	243,000	175,500	145,000
DETAILS	352,484	404,000	400,000	300,000
TRANSFERS	29,562	90,000	90,000	90,000
ADMINISTRATION CONFERENCE	25,966	30,000	0	0
TOTAL, 21-TRAVEL	4,834,930	4,331,500	4,000,000	4,000,000

Mr. NATCHER. We want to thank you for your appearance before the committee in behalf of your budget request for the fiscal year 1987. It has been a good hearing, and thank you very much.

[The following questions were submitted to be answered for the record:]

EXCLUSIVE EMPLOYMENT JURISDICTION

Mr. Hoyer: Mr. Dotson, in the December 1985 issue of the Workplace Labor Update, several articles were devoted to NLRB-related topics. Have you read the article by Peter Lareau? He suggested that it was time for federal legislation to establish uniform standards regulating the employment relationship, which would be enforced by a single agency with exclusive jurisdiction over all employment disputes. What's your opinion on this suggestion?

Mr. Dotson: I have written a letter that addresses your question and I am submitting the letter for the record.

NATIONAL LABOR RELATIONS BOARD
Washington, D.C. 20570

13 May 1986

The Honorable Steny H. Hoyer
Committee on Appropriations
Subcommittee on Labor, Health and Human
Services, Education, and Related Agencies
1513 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Hoyer:

Thank you for the opportunity to comment on the article by Peter Lareau in the December 1985 edition of Workplace Labor Update in which he suggests a single federal agency to enforce all employment related laws. I should emphasize that I am speaking only for myself and not the agency. I agree with his objectives of shortening and simplifying the procedures which lead to just and meaningful remedies of workplace injustices. Based on 18 years of intensive experience in the labor-management field, almost equally divided between government and the private sector in addition to five years in the Navy partly devoted to personnel problems, I have come to some broader conclusions about what needs to be done.

We should attempt to retain what has worked well and, no matter how sacred, abandon that which has not. This means picking and choosing among all the current programs as well as considering others, such as those used in Japan. There is a growing body of thought that labor relations are too adversarial and that our statutory scheme as interpreted by agencies such as NLRB has, perhaps not always intentionally, promoted this approach. I agree and can cite reams of examples. Second, we need to make considered decisions about the extent to which a principle or standard should be a concern of government, which of these standards should be the subject of government subsidized investigation and litigation as opposed to private litigation, and which matters should be left entirely to informal resolution. At this point, we can address the format in which issues of public policy should be investigated and litigated.

Our legal and cultural heritage gives us a tendency to over use an adversarial, litigious approach to dispute resolution. It is embodied in the National Labor Relations Act and other labor laws. If, as many believe, it is not the best approach, we should select appropriate areas and not make it as available or tempting as a mechanism or service of government. My first job after law school was as a field attorney for the NLRB. One of the first things I noticed was how often people filed charges over trivial things, how eager the agency was to provide the theories and resources, and how frequently these actions only served to poison relationships and provide no meaningful remedies when "successful."

One reservation I have about Mr. Lareau's proposal is that it may be based in part on the myth which has the status of a legal presumption: that agencies like the NLRB have a special expertise to deal with the matters coming before them. While these agencies may have developed some efficiency in dealing with large numbers of often questionable cases, the more I became involved in the practical side of labor relations the more I realized that the NLRB as an institution had only a superficial and spotty expertise in the ways of the industrial world and had been willing to distort some of the most fundamental legal principles to achieve results. Some of the explanation lies in the backgrounds of board members and general counsels over the years, many of whom had little or no practical or legal experience. Also, appointments and reappointments have often reflected narrow political interests.

While many significant and sometimes devastating decisions are made by such agencies, some with great finality for all practical purposes considering the cost of appeals or the unlikelihood of success in some kinds of cases, major issues are, sometimes after years of misapplication of the law, finally decided by the federal courts. It is clear that the courts are more likely to apply the law correctly and to the extent that practical expertise is concerned, judges of the courts of appeal are at least as likely to have it as board members. This is because they are as likely, if not more likely, to have had experience in the world of industry and commerce, life in general, and the practice of law. On the other hand, the courts have sometimes been too willing to bow to the "expertise" of these agencies. Sometimes they make it clear that it is against their better judgment. I would be wary of a super labor agency made up like the NLRB and similar organizations.

I would recommend this approach:

1. Retain those functions in administrative agencies which they do well, e.g., conduct of representation elections. There is room for consolidation of agencies and portions of DOL. There has been an over specialization which has led to over analysis and attention to non-problems.

2. Eliminate some legal causes of action.

3. Place other causes of action purely in the realm of private litigation. That is, make public resources less available when they promote a litigious approach to dispute resolution.

4. Place matters which truly require litigation before courts of general jurisdiction, perhaps with special masters or magistrates for fact finding. This will tend to remove the inappropriate political and ideological considerations in labor cases and discourage the pursuit of trivia.

I would make one last comment about the type of "super agency" Mr. Lareau proposes. The total social and economic effects of even the smallest legal or political changes are difficult, if not impossible, to foresee. None of us knows the scientific laws of social change or even if there is a way meaningfully to formulate such laws. It seems, at times, that statutes enacted with the most laudable objectives in mind exacerbate or perpetuate the very conditions they seek to remedy. If they do not do that directly, they generate unforeseen side effects in surprising (and sometimes unpleasant) ways. It is a commonplace of political observation that statutes creating rights and liabilities to be administered in a centralized arrangement create fresh congeries of interest groups which develop surprising vigor in advancing their single-minded concerns.

These remarks do not, nor are they intended, to establish that the Congress ought always to fold its hands and do nothing. I am saying, however, that grandiose creations ought to be examined closely to see whether any problems exist which they will solve or whether, as Publilius Syrus observed over two thousand years ago, "There are some remedies worse than the disease." I have serious doubts concerning the wisdom of placing every employment decision taken in the United States under the scrutinizing lens of a federal "super agency." It is altogether too much solution in search of too little problem. Collective bargaining where desired, common sense, and common law in league with judicial restraint set our proper course.

Sincerely,

Donald L Dotson

Donald L. Dotson
Chairman

cc: The Honorable William H. Natcher
The Honorable Neal Smith
The Honorable David Obey
The Honorable Edward R. Roybal
The Honorable Louis Stokes
The Honorable Joseph D. Early
The Honorable Bernard J. Dwyer
The Honorable Silvio O. Conte
The Honorable George M. O'Brien
The Honorable Carl D. Pursell
The Honorable John Edward Porter
The Honorable C. W. Bill Young

DEFERRAL POLICY

Mr. Hoyer: Ms. Collyer, as I understand it, since the Olin Corp. case, the NLRB has had in place a deferral policy. Please describe how this policy works. Why was it instituted? What have been the effects to date on both employees and employers? Is this policy part of the overall deregulatory theme of this administration?

Ms. Collyer: In Olin Corp., 268 NLRB 573, the Board amplified its policy on post-arbitration deferral.1/ Under that policy, as it has developed since Spielberg Manufacturing, 112 NLRB 1080, the Board will defer to an arbitral award where four criteria are met: the proceedings appear to have been fair and regular; all parties agreed to be bound; the arbitrator adequately considered the unfair labor practice issue, and the arbitral decision is not clearly repugnant to the purposes and policies of the Act. In Olin, the Board amplified the last two criteria. In this regard, the Board said:

> We would find that an arbitrator has adequately considered the unfair labor practice if (1) the contractual issue is factually parallel to the unfair labor practice issue and (2) the arbitrator was presented generally with the facts relevant to resolving the unfair labor practice. In this respect, differences, if any, between the contractual and statutory standards of review should be weighed by the Board as part of its determination under the Spielberg standards of whether an award is "clearly repugnant" to the Act. And, with regard to the inquiry into the "clearly repugnant" standard, we would not require an arbitrator's award to be totally consistent with Board precedent. Unless the award is "palpably wrong", i.e., unless the arbitrator's decision is not susceptible to an interpretation consistent with the Act, we will defer.

The Board also made it clear in Olin that the party seeking to avoid deferral has the burden of proving that the arbitration award should not be subject to deferral. In this regard, the Board said:

> Finally, we would require that the party seeking to have the Board reject deferral and consider the merits of a given case show that the above standards for deferral have not been met.

The Board's reasons for its Olin decision are set forth in the written opinion. The Board began with the proposition that "national labor policy strongly favors the voluntary arbitration of disputes". It then went on to state that a prior Board decision, Propoco, 263 NLRB 136 had undercut that policy. The Board explained:

1/ The Board's policy on pre-arbitration deferral is set forth in Collyer Insulated Wire, 192 NLRB 837 and in United Technologies, 268 NLRB 557.

> In our view, the Propocc majority diminished significantly the role of private dispute resolution by formulating a standard of review that arbitration awards are appropriate for deferral only when the Board determines on de novo consideration that the award disposes of the issues just as the Board would have. This approach of determining the merits before considering the appropriateness of deferral was applied here by the judge, and he predictably reached a decision not to defer. The judge's decision here, like so many other past decisions of this sort, serves only to frustrate the declared purpose of Spielberg to recognize the arbitration process as an important aspect of the national labor policy favoring private resolution of labor disputes.

With respect to placing the burden of proof on the party seeking to avoid deferral, the Board noted that the reverse approach, previously followed, had led to "infrequent deferrals". Given its goal of fostering arbitration as a method of resolving disputes, the Board concluded that "a different allocation of the burden is more consistent with the goals of national labor policy".

With respect to the operation of the policy, the Regional Office in which a charge is filed will usually ask the parties whether an arbitration award has been rendered. If so, the Region would review the award under the standards set forth above.[2] If the Region believes that it cannot establish that the award is deficient, it would dismiss, absent withdrawal. Such a dismissal can be appealed to the General Counsel's Office of Appeals in Washington. If the Region believes that it can establish that the award is deficient, and if the charge is otherwise meritorious, the Region would issue complaint, absent settlement. At subsequent stages, the Administrative Law Judge, the Board and the courts would decide these issues.[3]

We have no data on the effect of Olin on employers and employees.

With respect to whether the Olin decision was "part of the overall deregulatory theme of the Administration", I believe that the reasons for the policy are set forth in the decision itself. I have outlined those reasons above. I would also note that the deferral policy dates back to Spielberg, decided in 1955. The Olin case simply amplifies elements of that policy.

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[2] If there were no award, the Region might hold the case in abeyance pending arbitration. See n.1 supra. The Region would later review the award after it issues.

[3] The Court of Appeals for the Eleventh Circuit has recently rejected the Olin test. Taylor v. NLRB (21 April 1986). The Board is considering whether to seek rehearing in that case.

WRONGFUL DISCHARGE CASES

Mr. Hoyer: Ms. Collyer, has there been an increase in wrongful discharge cases brought by employees? Do federal labor laws often preempt these claims?

Ms. Collyer: I believe that your question refers to those cases involving a claim of "wrongful discharge" because the discharge is allegedly tortious, and/or in breach of an express or implied contract, or for reasons contrary to public policy. These cases attack the common law theories of employment at will and stand on very different basis than those involving a claim that a discharge violates a specific statutory provision of the NLRA. Although there has been an increase in these "wrongful discharge" cases, since they do not come before the NLRB, I do not have any specific information on them.

Whether at least some such claims are preempted by federal labor laws is as yet unclear. It would appear that, to the extent that a claim simply alleges a violation of the NLRA, such claim would be preempted by the NLRA. See San Diego Bldg. Trades Council v. Garmon, 359 U.S. 236. However, where the plaintiff claims that conduct, arguably violative of the NLRA, was carried out in an outrageous manner designed to inflict emotional distress, such a claim has been held to be not preempted. See Farmer v. Carpenters, 430 U.S. 290.

FTE REDUCTION

Mr. Hoyer: Ms. Collyer, your budget justification shows that there will be a decrease of 104 FTEs. How will your FTE level be reduced?

Ms. Collyer: The NLRB will reduce 104 FTE in FY 1987 through attrition. The Agency, particularly in the field offices of the General Counsel has been on attrition since May, 1984. The FTE reduction is necessary to obtain the proper balance between staffing and the caseload. The attrition estimate is based solely on our normal rate of separations and hiring in offices where it is proven absolutely essential to maintain operations.

JUSTIFICATIONS
OF
APPROPRIATION ESTIMATE
FOR
COMMITTEE ON APPROPRIATIONS

NATIONAL LABOR RELATIONS BOARD

FISCAL YEAR 1987

Justification

of

Estimates

NATIONAL LABOR RELATIONS BOARD

Fiscal Year 1987

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NATIONAL LABOR RELATIONS BOARD

SALARIES AND EXPENSES

For expenses necessary for the National Labor Relations Board to carry out the functions vested in it by the Labor-Management Relations Act, 1947, as amended (29 U.S.C. 141-167), and other laws, $130,865,000 [$134,854,000]: *Provided*, That no part of this appropriation shall be available to organize or assist in organizing agricultural laborers or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers as referred to in section 2(3) of the Act of July 5, 1935 (29 U.S.C. 152), and as amended by the Labor-Management Relations Act, 1947, as amended, and as defined in section 3(f) of the Act of June 25, 1938 (29 U.S.C. 203), and including in said definition employees engaged in the maintenance and operation of ditches, canals, reservoirs, and waterways when maintained or operated on a mutual, nonprofit basis and at least 95 per centum of the water stored or supplied thereby is used for farming purposes.

(Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1986.)

Amounts Available for Obligation
(THOUSANDS)

	1986	1987
Appropriation.....................	$134,854	$130,865
G-R-H Sequestration...............	-5,799	---
Total obligations.................	$129,055	$130,865

Obligations by Activities
(THOUSANDS)

	FY 1986 BEFORE SEQUESTRATION		FY 1986 AFTER SEQUESTRATION		1987		DIFFERENCE	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Field Investigation.....	1,743	$94,263	1,740	$90,080	1,654	$91,344	-86	$1,264
Administrative Law Judge Hearing.........	237	12,811	232	12,002	220	12,040	-12	38
Board Adjudication......	232	12,541	238	12,260	238	12,432		172
Securing compliance with Board Orders.....	282	15,239	284	14,713	278	15,049	-6	336
Total Obligations......	2,494	134,854	2,494	129,055	2,390	130,865	-104	+1,810

NATIONAL LABOR RELATIONS BOARD

Obligations by Object

	FY 1986 BEFORE SEQUESTRATION	FY 1986 AFTER SEQUESTRAION	FY 1987 ESTIMATE	INCREASE OR DECREASE
Total Number of Permanent Positions......................	3,000	3,000	3,000	---
Total Compensable Workyears: Full-time Equivalent Employment....................	2,494	2,494	2,390	-104
Full-time Equivalent of Overtime and Holiday Hours.............	11	11	14	+3
Personnel Compensation:				
Permanent Positions...........	$89,761,000	$87,451,000	$88,384,000	$933,000
Positions Other Than Full-time Permanent.........	1,678,000	1,408,000	1,725,000	317,000
Other Personnel Compensation..	1,148,000	1,100,000	1,245,000	145,000
Subtotal, Personnel Compensation..............	92,587,000	89,959,000	91,354,000	1,395,000
Personnel Benefits............	11,230,000	10,777,000	10,492,000	-285,000
Travel and Transportation of Persons..................	4,331,000	4,000,000	4,000,000	
Transportation of Things......	293,000	143,000	256,000	113,000
Rent, Communications & Utilities...................	5,861,000	5,526,000	5,435,000	-91,000
Standard Level User Charge....	12,894,000	12,894,000	12,735,000	-159,000
Printing and Reproduction.....	825,000	560,000	650,000	90,000
Other Services................	3,582,000	3,022,000	3,028,000	6,000
Reporting Contract..........	1,239,000	1,239,000	1,295,000	56,000
Supplies and Materials........	1,220,000	470,000	1,037,000	567,000
Furniture and Equipment.......	727,000	400,000	518,000	118,000
Insurance Claims & Indemnities................	65,000	65,000	65,000	
Total Obligations..........	$134,854,000	$129,055,000	$130,865,000	$+1,810,000

NATIONAL LABOR RELATIONS BOARD
SUMMARY OF CHANGES
(THOUSANDS)

1986 estimated obligations	$129,055
1987 estimated obligations	$130,865
Net Change	$1,810

	BASE		CHANGE FROM BASE	
	FTE	AMOUNT	FTE	AMOUNT
INCREASES:				
A. Built-in				
1. Annualization of 1986 recruitment and related expenses				---
2a. Annualization of grade increases from 1986				714
b. Annualization of within-grade increases for 1986				438
3a. Cost of grade increases in 1987				834
b. Cost of within-grade increases in 1987				451
4. Federal Employees Compensation				45
5. Subscriptions				525
Subtotal, Built-in Increases				3,007
B. Deferral and/or Cancelled from 1986				
There are no deferred or cancelled operations for 1986 that are funded in 1987.				
C. Case Intake Increase				
1. Legal Reference Printing		177		46
2. FTS		1,400		100
3. Postage		1,200		50
4. Reporting Services		1,239		56
5. Training Programs		521		204
6. Printing		383		44
7. Witness Fees		200		40
8. Casehandling Travel		2,834		178
9. Supplies		520		208
Subtotal, Case Intake Increase		8,474		926

Summary of Changes (Cont'd)
(THOUSANDS)

	BASE		CHANGE FROM BASE	
	FTE	AMOUNT	FTE	AMOUNT
D. Other				
1. Computer Program		1,216		6
2. Exchange Program		45		75
3. Furniture and Equipment		400		118
4. Transfer		900		350
Subtotal, Other Increases		2,561		549
Total, Increases		11,035		+4,482
DECREASES				
E. Built- in				
1. Productivity Improvement	2,494	104,441	-104	-2,328
2. SLUC		12,894		-159
Subtotal, Built-in Decreases	2,494	117,335	-104	-2,487
F. Other				
1. Alterations		285		-85
2. Casehandling details		400		-100
Subtotal, Other Decreases		685		-185
Total, Other Decreases	2,494	118,020	-104	-2,672
Net Change	2,494	129,055	-104	+1,810

NATIONAL LABOR RELATIONS BOARD

APPROPRIATION HISTORY

YEAR	ESTIMATE TO CONGRESS	HOUSE ALLOWANCE	SENATE ALLOWANCE	APPROPRIATION OR CONTINUING AUTHORIZATION
1963	$21,029,000	$21,029,000	$21,029,000	$21,029,000
1964	23,060,000	22,060,000	22,560,000	22,460,000
1965	26,407,500	25,157,500	26,407,500	26,157,500
1966	28,713,100	28,713,100	28,713,100	28,713,100
1967	31,030,000	31,030,000	31,030,000	31,030,000
1968	32,288,000	32,288,000	32,288,000	32,288,000
1969	35,474,000	35,474,000	35,474,000	35,474,000
1970	39,038,950	39,038,950	39,038,950	39,038,950
1971	40,327,000	41,827,000	41,827,000	41,827,000
1972	48,468,000	48,468,000	48,468,000	48,468,000
1973	50,456,000	50,456,000	50,456,000	50,456,000
1974	56,057,000	56,057,000	56,057,000	56,057,000
1975	63,089,000	62,669,000	62,669,000	62,669,000
1976	70,330,000	69,292,000	69,902,000	69,597,000
T.Q.	17,799,000	17,517,000	17,670,000	17,593,000
1977	81,336,000	80,908,000	81,336,000	80,908,000
1978	92,508,000	92,508,000	92,508,000	92,508,000
1979	103,012,000	102,762,000	102,762,000	102,762,000
1980	113,873,000	112,261,000 1/	112,261,000 1/	112,261,000 1/
1981	119,548,000	119,548,000	119,548,000	118,488,000 2/
1982	128,336,000	125,959,000	120,000,000	117,600,000 3/
1983	133,000,000	126,045,000	126,045,000	126,045,000
1984	134,158,000	133,594,000	134,158,000	133,594,000 4/
1985	137,964,000 5/	137,964,000	137,964,000	137,964,000
1986	130,895,000 6/	134,854,000	134,854,000	134,854,000
G-R-H Sequestration	5,799,000			
1987	130,865,000			

1/ Net $356,000 rescinded (by P.L. 96-304) for purchase of furniture.
2/ Rescission of $1,060,000 by P.L. 97-12.
3/ Total amount available under Continuing Resolutions for FY 1982.
4/ Amount authorized under P.L. 98-139.
5/ A rescission of $1,070,000 was submitted but not enacted.
6/ Amount included $3,959,000 for 5% Federal employee pay reduction.

NARRATIVE JUSTIFICATION
OF
APPROPRIATION ESTIMATES
Fiscal Year 1987

"Salaries and Expenses,
National Labor Relations Board"

APPROPRIATION REQUEST FOR 1987

The National Labor Relations Board requests an appropriation of $130,865,000 for Fiscal Year 1987. The funds are requested to enable the NLRB to process the unfair labor practice and representation cases which are expected to be filed with the Agency in the coming year.

A comparison of the Fiscal Year 1986 and the Fiscal Year 1987 appropriation request follows:

	1986 President's Budget		1987 Request		Increase or Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount
Personnel compensation and benefits	2,494	101,006,000	2,390	101,846,000	-104	+840,000
Other expenses	...	28,049,000	...	29,019,000	...	+970,000
TOTAL	2,494	129,055,000	2,390	130,865,000	-104	+1,810,000

HIGHLIGHTS - INTRODUCTION:

The mission of the National Labor Relations Board is to facilitate the functioning of the national economy by peacefully resolving labor disputes through the procedures afforded by the National Labor Relations Act. Over the years, the NLRB's implementation of the National Labor Relations Act has proven to be a great and cost effective economic benefit to the nation. The Agency's effectiveness at its task has been affirmed through reviews conducted by the Congress, the General Accounting Office, the Bureau of Labor Statistics, and by the Office of Personnel Management.

The President's requested 1987 appropriation for the NLRB provides for all of the funds necessary to process the NLRB's expected 1987 workload and is itself acknowledgment of this Agency's essential economic function. With the resources sought in this appropriation, the NLRB can continue to enforce the

National Labor Relations Act, thereby maintaining the President's and the country's trust that the Agency will continue to aid the nation's economic growth and serve the goal of labor-management harmony.

THE ROLE OF THE NLRB

The National Labor Relations Board was created fifty-one years ago. The new Agency was charged with the responsibility to peacefully resolve labor disputes by providing an orderly framework within which employees may freely organize and engage in collective bargaining should they choose to do so. In essence, the NLRB's mission is to encourage the prompt resolution of industrial disputes and thus "eliminate the causes of certain substantial obstructions to the free flow of commerce." Fulfilling this vitally important mandate for over a half-century has been an immense task and a delicate responsibility. But with the resources authorized over the years by the Congress, it has been a task that the NLRB has accomplished and a task at which it is dedicated to continue to succeed.

Though the NLRB does not engage in economic value analyses, it is apparent that the Agency's prompt resolution of the thousands of labor disputes that are voluntarily brought before it each year results in an immense benefit to the economy. This is particularly so because the economic benefit to the disputing parties and to the country from the NLRB's actions is usually many times what it costs the Agency to process these cases.

For example, data developed several years ago from an internal review of about 430 of our case files from a single year is revealing. Each of these cases involved a strike or picketing which was ended or prevented in connection with an NLRB proceeding. In these cases, an estimated 114,000 employees had either ceased work or were threatened with cessation of their work due to a labor dispute. There was an average of 3.5 businesses involved in or affected by each of these cases, compared to the more typical case which involves only one employer.

In 240 of these cases, there had been a work stoppage or picketing which affected a construction project. While specific estimates of the total cost of these projects were not found in every case file, those projects whose costs were documented totaled about $7.5 billion. Although not every work stoppage or picketing would have affected the entire work project, the estimate does provide insight into the economic importance of cases with which the NLRB may become involved. Delays on major construction projects often result in higher costs so that the prompt resolution of the cases affecting these projects, cases which usually involve priority handling by the NLRB, can have significant impact in preventing the cost increase often brought about by construction project delays.

This example covers primarily the construction industry, which is the source of only about 11 percent of the total unfair labor practice cases filed with the NLRB. However, the Board's cases involve disputes in all major industries and in all sizes of enterprises. While some labor disputes have a greater economic impact than do others, it is evident that the resolution of all unfair labor practice and representation proceedings brought to the NLRB produces large economic savings to the nation's economy: savings which are many times greater than the Agency's annual appropriation.

Not only is the Agency's resolution of these disputes of great financial value, but the prompt action by which they were resolved is the essence of the NLRB's effectiveness. There have been many cases in the past year or two in which even a few days' delay would have caused enormous losses to employers and employees.

NLRB WORKLOAD AND RESOURCES - THE HISTORICAL RECORD OF ACCOMPLISHMENT

Year in and year out the performance record of the National Labor Relations Board has been one of accomplishment. The Agency's primary objective is to serve the public quickly, efficiently and fairly. In the overwhelming number of cases, this objective is achieved. To illustrate, about 34-35 percent of charges alleging unfair labor practices filed with the Agency are determined to have merit upon completion of a thorough NLRB investigation. These investigations are almost always completed in about 30 days. If settlement of these meritorious cases cannot be achieved, a complaint is issued in a median of 45 days from the date of the charge. Stated differently, in just over 6 weeks the NLRB is able to docket, investigate and determine, from among its thousands of case filings, those cases that warrant further proceedings and those that do not. This is not an easy task, but it is one that is accomplished with regularity in each of the Agency's Regional Offices by virtue of sound management, high professionalism, hard work, and intensive training.

Settlement Rates:

During the past four years the Agency has maintained a settlement rate in unfair labor practice cases of 91.0 to 92.4 percent. This rate, together with lower intake of new cases, has permitted the Agency to maintain its staff and related expenses at a level considerably reduced from prior years with a lower settlement rate.

The traditional settlement rate, over many years, ranged from 83 to 86 percent. However, the recent experience of the past four years has caused us to build our budget on a higher rate, reflecting considerably lower needs for legal staff and trial costs. Not all of the factors influencing the settlement rate are within our control, though, and we must recognize that such factors could case the settlement rate to turn downward at some point. Therefore, in order to provide for the resources necessary to process cases promptly, we have based our budget for Fiscal Years 1986 and 1987 on a settlement rate of 91 percent, equal to the rate achieved in 1982 and 1983, but slightly below the rates realized in 1984 and 1985.

In order to maintain such a settlement rate, our staff is committed to making exhaustive settlement efforts in every case. We are hopeful that these efforts will be fruitful and that the issuance of additional Board decisions clarifying issues as yet undecided, will enhance the possibility of settlement.

The Agency has calculated that over the case processing cycle each one percent increase in the number of settlements at the earlier stages of case-handling results eventually in a saving to the taxpayer of over $1 million by virtue of the significant reduction in the number of cases that would otherwise have to be litigated within the Agency and perhaps ultimately through the U. S. Court of Appeals. Since formal litigation may extend into succeeding fiscal years, a relatively small percentage of the cost effect would be seen in the first year of a change in the settlement rate in either direction. Thus, to specify the timing of the eventual savings from an unexpected change in the settlement rate, we would have to take into account the variable elapsed time involved in Administrative Law Judge hearings and decisions, Board review and, where necessary, court enforcement litigation. However, as we have sustained a high settlement rate over several years, the effect in our 1986 and 1987 budgets clearly has been to reduce by several million dollars the funds needed throughout the Agency for litigation of unfair labor practice cases.

Timeliness:

Along with keeping current with its unfair labor practice workload, the Agency is scheduling and holding thousands of elections each year and doing so on a current basis in a median of about 49 days.

Also, the time required before a case is heard before the Division of Administrative Law Judges has improved from 10-12 months after filing a few years ago to less than 3 months now in most of the Agency's Regional Offices. This achievement is very important, because it means that the Division of Administrative Law Judges is able to schedule trials much earlier than in past years and this contributes in part to the high settlement rate. Finally, a very small percentage of representation issues and unfair labor practice complaints reach the Board level where a decision must be reached. Election cases appealed to the Board and requests for review of election cases are handled in about 14 days, which is a very prompt response. Unfair labor practice cases take longer to decide because many of these present difficult issues. The Board, now up to full strength, has in the past year been able to significantly reduce its pending caseload to just over 900 cases as of 1 February 1986.

NLRB WORK PROCESSING PROGRAM

Intake - Overview:

The NLRB's work processing program begins with the receipt by the Agency of representation petitions and unfair labor practice charges filed by businesses, labor unions, and individuals throughout the country. The NLRB initiates none of its caseload. All charges and petitions filed are filed voluntarily and cannot be refused. The Agency does mount, however, an intensive and highly successful effort to discourage bringing before it clearly non-meritorious cases. The success of this effort is demonstrated by the fact that of the over 196,400 inquiries of all types received by the Agency last year, only about 12,248 resulted in formal filings. This result is achieved because of intensive pre-screening efforts that are made by information officers in each of the Agency's field offices.

Since all unfair labor practice charges and representation petitions which are actually docketed must be investigated and properly disposed of, millions of the taxpayers' dollars are saved when cases which are either clearly non-meritorious or outside of the NLRB's jurisdiction or scope are not filed. Thus the NLRB's pre-screening program reduces the drain on limited Agency resources brought about from having to process non-meritorious charges. While only about one-third of our caseload comes to us through this Information

Officer program, it is clear that this program does have a substantial impact by reducing the Agency's intake of unfair labor practice cases which otherwise would be much higher and, as noted, would cost millions of dollars to process.

Even though the Agency does not have any practical control over final decisions by parties to invoke its processes, the Agency can, within the limits of its resources, provide a quick response to its workload once a charge or petition has been filed. As stated above, the Agency is proud of its record of dependability and increasing productivity from year to year.

1985 OPERATIONS

In 1985, a total of approximately 32,528 ULP cases, down 6.7 percent, and 8,402 representation questions, down 2.0 percent, were handled in an administratively effective manner. The Agency's trial backlog was reduced for the 4th year in a row to 867 cases, down 20.7 percent. Because of these recent backlog reductions, trial delay is now below 3 months in most Regional Offices. Board decisions in 1985 were 889. Issues pending Board decision at the end of 1985 were 911, down 11.6 percent from 1984. The number of cases awaiting a decision of the Board has continued to decline in Fiscal Year 1986.

Total 1985 Agency staff, on a Full-Time Equivalent basis was 2,571, down 4.6 percent. However, because 1985 staff attrition was less than the 1985 decline in the workload being handled, productivity in some areas did not rise as in many prior years. The staff component of full-time permanent employees declined 5.3 percent in 1985; however, the combined workload of ULP and representation cases declined 5.7 percent. Essentially all cases were handled on a current basis, and all necessary related programs such as training, printing, maintenance of equipment and other support activities were carried out in balance with the needs of the Agency's casehandling operations. The Agency was also able to make a significant investment in word processing equipment which will have the effect of improving the efficiency of administrative and casehandling functions even [illegible].

1986 OPERATING PLAN

The 1986 Operating Plan has been revised to absorb reductions in appropriation and outlay authority required by the Gramm-Rudman-Hollings Deficit Reduction Act. These reductions total $5,799,000 in budget authority and $5,423,000 in outlay authority from the levels formerly authorized for 1986. The NLRB's workload has fallen below the anticipated 1986 level. Therefore, the Agency has not had to hire its authorized 1986 complement of staff. On-going attrition and stringent application of management cost reduction initiatives will permit the Agency to absorb all of its mandated reductions for 1986 without the necessity of furloughs or reductions-in-force. Because of the smaller than originally projected 1986 workload, the NLRB's decades long reputation for immediate attention to its caseload will not be affected in 1986.

Thus, in 1986, the Agency expects to continue to process all 43,000 new cases and all of its pending cases on a current basis. Additional productivity increases are projected in almost every area of casehandling. The final level of 1986 productivity that will be achieved is dependent on attrition which is necessary to balance the staff level with the workload level. Even with its lower staff, the Agency begins 1986 with a somewhat greater staff than necessary to process its 1986 workload. Therefore, this year's attrition will be utilized to bring these operational areas into balance.

Agency operating systems that support casehandling such as the computer system, word processing systems, and training aids are under tight control to avoid any non-essential expenditures. Even capital expenditures for new equipment that could result in more efficient future performance will have to be avoided. In this regard, the Agency was able in 1985 to invest about $2,000,000 in word processing equipment for its Regional Offices and some Washington offices. The Agency expects this effort to bring substantial efficiencies to its necessary paper work handling and ultimately reduce the cost of this activity as the new equipment begins to be used during the second half of 1986. This cost reduction effort is reflected in the NLRB's 1987 budget request by allowing reduced operating costs in some areas.

1987 BUDGET REQUEST

The 1987 budget request before the Congress is the culmination of a careful assessment of the Agency's funding requirements. The NLRB's budget request process begins with a careful estimate of the Agency's expected workload. This estimate is the aggregation of a survey of each of the Regional Offices of the Agency, which is reviewed by top management before adoption. For 1987, the Agency foresees a workload increase of 4.7 percent over 1986. This increase would bring the total Agency workload to about 45,000 cases. However, because of the sharp decline in case filings experienced in 1982 and 1984, the 1987 case intake level will still be almost twelve thousand cases below the total workload processed in 1980. For 1987, the Agency will be essentially on full attrition to effect a decrease of about 100 staff years of full-time equivalent employment from 1986. This reduced 1987 staffing level, however, will permit current casehandling and is arrived at by a careful estimate of the movement of cases through the Agency's casehandling "pipeline" and by applying objective productivity expectations to each step of the process. The end result of this process is a precise estimate of the staff necessary to remain current with the caseload. The overall productivity increase objective for 1987 is about 5.6 percent in all casehandling areas, which, if achieved, would exceed the Agency's highest historic level of productivity.

Once the case intake level is determined, the costs of handling the projected level of operation are estimated. For 1987, the estimate is $130,865,000 or $1,810,000 more than 1986. The $1,810,000 increase is necessary to enable many support staff functions, curtailed in 1986, to be restored to their normal level in 1987. This step is necessary so as not to impede agency casehandling.

The historic objective of the NLRB has been to process, each year, the approximate equivalent of all of the cases voluntarily filed with the Agency that year. Not doing so means that the NLRB might be unable to effectively utilize its processes to minimize disruptions to the nation's interstate commerce. The budget request before the Congress for 1987 will permit us to achieve our traditional objective and will assure a cost effective NLRB.

MAJOR AREAS OF CHANGE IN COST FROM 1986 TO 1987

The change in the NLRB's requirement for funds is addressed in four component sections: changes that are built-in; changes that result from a prior year deferral of normal expenditures; changes related to a variations in case intake and/or processing; and other changes in administratively controllable operations.

In other words, some cost increases are necessary because of announced price increases for services necessary to the Agency or to pay for salary increases. Other increases are necessary because basic expenses are sometimes deferred from one year to another in order to make funds available for casehandling and which deferrals cannot be continued. Other changes in cost are necessary to process an expected increase or decrease case intake or change in the case output distribution (e.g., more/fewer trials, higher/lower settlement rate, etc.) Special Agency administrative and support programs may also experience changes in their cost.

We estimate cost increase of $1,810,000 in 1987 over 1986.

Built-in

Built-in changes in cost are caused by an activity in one year whose effect extends into the following year. For instance, 1987 cost increases have been built-in as necessary to pay for the annualization of 1986 staff within-grades and career promotions and to pay for the 1987 projected within-grades and career promotions, Federal Employees Compensation claims and Subscription renewals. (The personnel cost increases represent approximately 55% of all increases and are partially offset by productivity increases). Built-in cost changes also may be decreases, and these decreases include the effects of planned productivity increases and a reduction in Agency space.

Items Deferred From or Cancelled in 1986

Even though the Agency has cancelled or reduced some of its operating programs because of Gramm-Rudman-Hollings, there are no funds budgeted in FY 87 beyond normal operations for these items. Thus, where there are increases in our 1987 budget in certain areas which were subject to curtailment in 1986, such increases represent only only a return to a normal operating level and not an attempt to make up for the expenses foregone in 1986.

Variations in Case Intake/Output

The estimated case intake increase in FY 87 will also result in the increased cost of casehandling expenses such as Legal Reference Printing, Travel, Supplies, Witness Fees, Reporting Services, FTS and postage.

Other Cost Increases and Decreases

Increases are also projected for 1987 for the Agency Computer Program, Exchange Program, Transfer of employees and furniture and equipment. These increases will bring some Agency operations back to normal levels, but will not fund any operation which was deferred or cancelled in 1986. Decreases have been projected for the alteration of space and casehandling details.

CONCLUSION

The attention which naturally is being paid to the decline in our intake of new unfair labor practice cases may have obscured certain other important indicators of the overall demand for NLRB service and of the positive impact of the Agency in the areas of labor-management relations. Particularly noteworthy is the fact that the number of cases settled at various stages before the NLRB has remained remarkably steady for the past six years.

The figures below include those settlements attributed in our Budget to the Regional Offices and those credited to the Division of Judges. Please refer to the chart on page 15 to see the relationship between case intake and settlements.

Fiscal Year	ULP Intake	Total Settlements
1979	41,259	11,221
1980	44,063	11,488
1981	43,321	11,813
1982	37,685	11,997
1983	40,031	11,251
1984	34,855	12,036
1985	32,528	8,988

The total number of settlement agreements declined in 1985, along with the decline in new cases filed, but the proportional rate of settlements remained high. Each of these settlements represents the resolution of a separate unfair labor practice situation in a way that consistently meets the Agency's standards for the terms of resolution of disputes. And, at the same time that a very high rate of settlements is being achieved, there are enough contested cases each year to call for the issuance of upwards of 800 ALJ decisions and 1,000 Board decisions. Thus, it can be seen that the overall role of the NLRB in resolving cases has not diminished during the recent period in which there has been a decline in the number of charges filed.

Finally, we would like to point out that the disbursement of backpay and union fees, dues and fines recovered in ULP proceedings over the same seven years, 1979-85, totals $262.7 million.

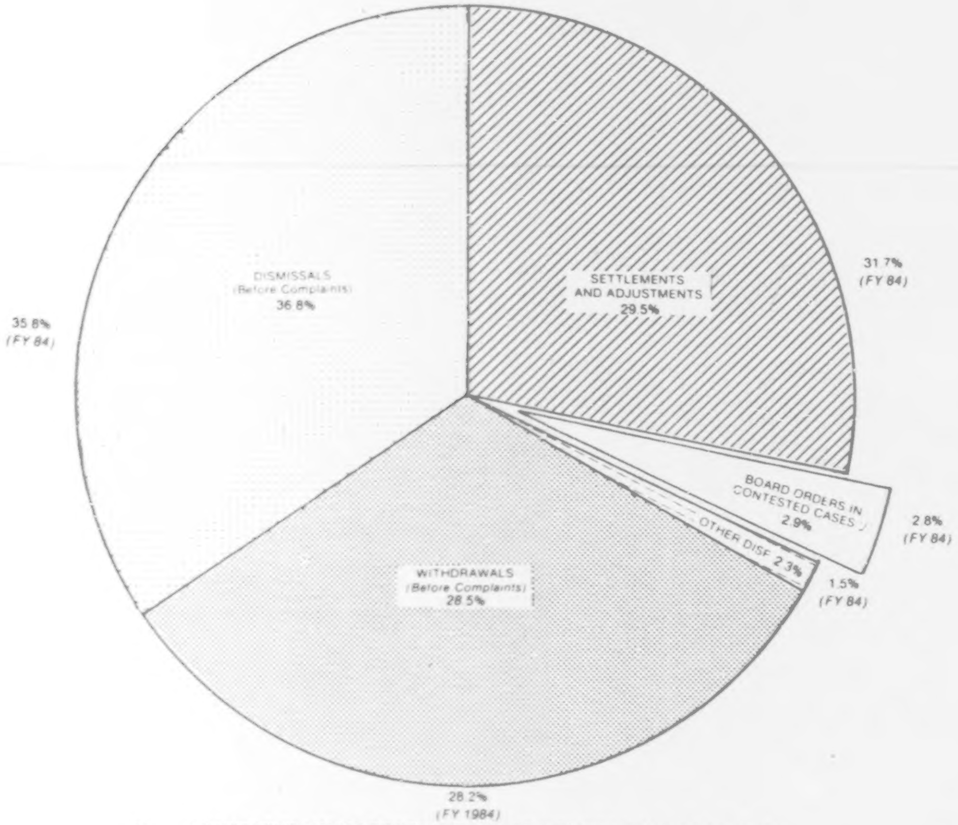
Nothing that happens in the current fiscal year will lessen the ongoing critical importance to our nation that limited Federal resources be apportioned wisely amongst many competing priorities. The critical role of the National Labor Relations Board in facilitating the flow of commerce is the foundation of this request for operating resources in 1987. The NLRB's effectiveness in the past and its continuing effectiveness are evidence that the great public trust given to this Agency over a half century ago was not misplaced. If given the necessary resources, this Agency will continue to fulfill its mission. In the spirit of its past dedication and current commitment, the NLRB respectfully requests favorable Committee consideration of its 1987 budget request.

DISPOSITION PATTERN FOR UNFAIR LABOR PRACTICE CASES

(BASED ON CASES CLOSED)

FISCAL YEAR 1985 *(ESTIMATE)*

Compared with Fiscal Year 1984 *(Estimate)*



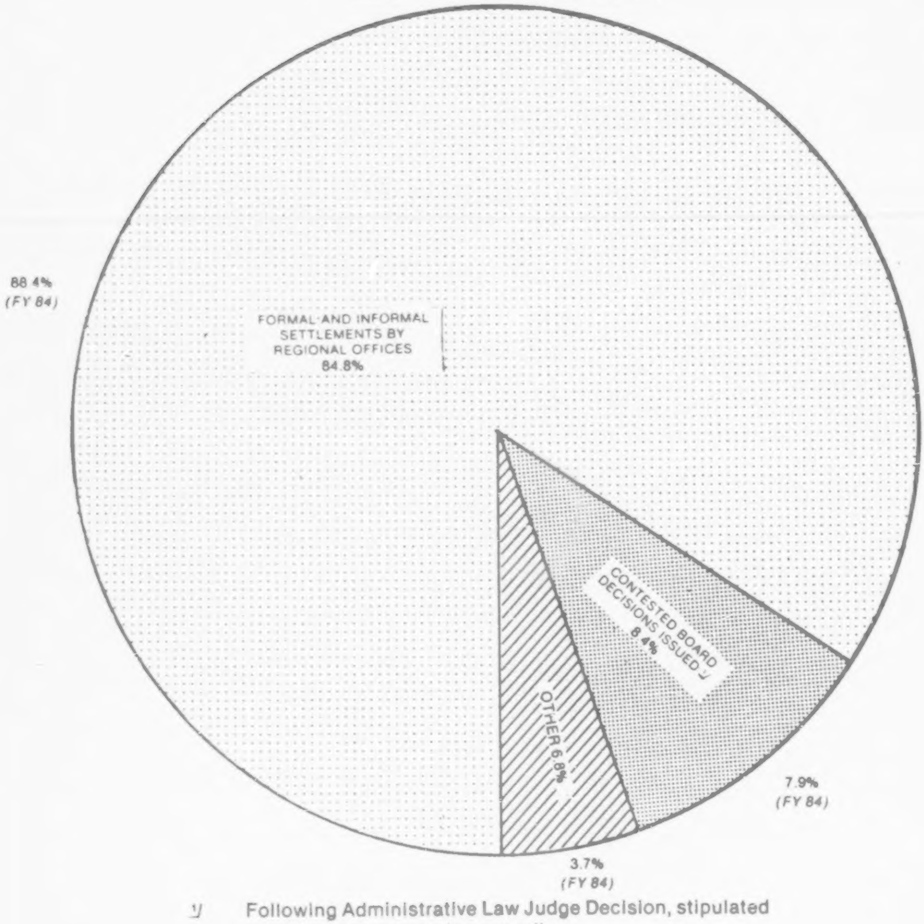
1/ CONTESTED CASES REACHING BOARD MEMBERS FOR DECISIONS

DISPOSITION PATTERN FOR MERITORIOUS UNFAIR LABOR PRACTICE CASES

(Based on Cases Closed)

FISCAL YEAR 1985 *(ESTIMATE)*

Compared with Fiscal Year 1984 *(Estimate)*



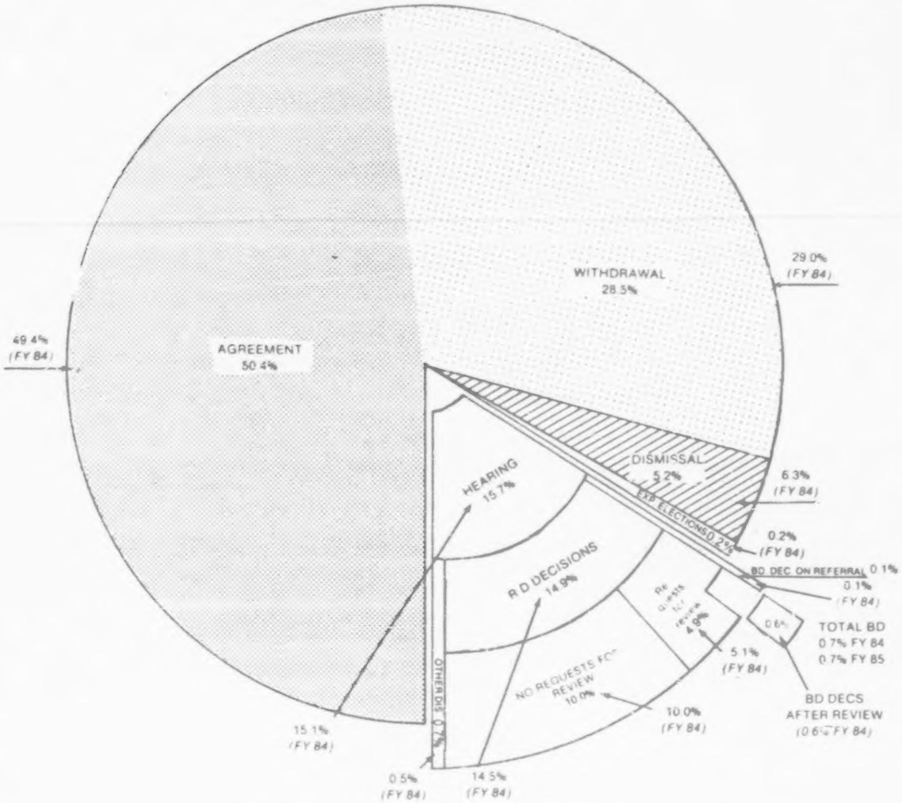
1/ Following Administrative Law Judge Decision, stipulated record or summary judgment ruling.

2/ Compliance with Administrative Law Judge Decision, stipulated record or summary judgment ruling.

DISPOSITION PATTERN FOR REPRESENTATION CASES
(Based on Cases Closed)

FISCAL YEAR 1985 *(ESTIMATE)*

Compared with Fiscal Year 1984 *(Estimate)*



*These cases also counted under Regional Director Decisions.

TABLE A

Comparison of Recent Case Intake Experience with Budget Estimates for Fiscal Years 1967 thru 1987

	Unfair Labor Practices		Representation
	Cases	Situations	Cases a/
A. Budget Estimates for Fiscal Year 1967			
1. As estimated in 1967 Budget	18,200	15,500	13,550
2. As estimated in 1968 Budget	16,100	13,765	13,750
3. Actual intake	17,040	14,456	13,385
B. Budget Estimates for Fiscal Year 1968			
1. As estimated in 1968 Budget	16,565	14,163	14,440
2. As estimated in 1969 Budget	17,805	15,116	13,745
3. Actual intake	17,816	15,287	12,889
C. Budget Estimates for Fiscal Year 1969			
1. As estimated in 1969 Budget	18,785	15,950	14,235
2. As estimated in 1970 Budget	18,785	16,120	13,355
3. Actual intake	18,651	15,930	12,652
D. Budget Estimates for Fiscal Year 1970			
1. As estimated in 1970 Budget	19,910	17,080	13,910
2. As estimated in 1971 Budget	19,450	16,650	12,795
3. Actual intake	21,039	18,114	12,543
E. Budget Estimates for Fiscal Year 1971			
1. As estimated in 1971 Budget	20,500	17,480	12,950
2. As estimated in 1972 Budget	22,620	19,475	12,670
3. Actual intake	23,770	20,634	13,442
F. Budget Estimates for Fiscal Year 1972			
1. As estimated in 1972 Budget	24,320	20,940	13,300
2. As estimated in 1973 Budget	26,150	22,700	14,310
3. Actual intake	26,852	23,655	14,187
G. Budget Estimates for Fiscal Year 1973			
1. As estimated in 1973 Budget	28,165	24,448	15,125
2. As estimated in 1974 Budget	28,920	25,480	14,990
3. Actual intake	26,487	23,560	14,590
H. Budget Estimates for Fiscal Year 1974			
1. As estimated in 1974 Budget	32,100	28,280	15,940
2. As estimated in 1975 Budget	29,405	26,155	15,465
3. Actual intake	27,726	24,851	14,647
I. Budget Estimates for Fiscal Year 1975			
1. As estimated in 1975 Budget	29,405	26,155	16,395
2. As estimated in 1976 Budget	30,215	27,075	16,355
3. Actual intake b/	31,253	28,142	13,670
J. Budget Estimates for Fiscal Year 1976			
1. As estimated in 1976 Budget	32,045	28,715	17,195
2. As estimated in 1977 Budget	33,615	30,255	15,195
3. Actual intake	34,509	31,004	14,826
K. Budget Estimates for Transition Quarter			
1. As estimated in 1977 Budget	8,895	8,005	4,300
2. Actual intake	9,200	8,093	3,811

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a/ Includes union decertification (UD), amendment of certification (AC), and unit clarification (UC) cases.

b/ Includes "CG" cases beginning in 1975.

TABLE A

Comparison of Recent Case Intake Experience with Budget Estimates for Fiscal Years 1967 thru 1987

	Unfair Labor Practices		Representation
	Cases	Situations	Cases a/
L. Budget Estimates for Fiscal Year 1977			
1. As estimated in 1977 Budget	36,510	32,860	15,135
2. As estimated in 1978 Budget	37,785	33,945	15,840
3. Actual intake	37,828	33,557	15,115
M. Budget Estimates for Fiscal Year 1978			
1. As estimated in 1978 Budget	40,890	36,740	16,990
2. As estimated in 1979 Budget	39,867	35,563	17,072
3. Actual intake	39,652	35,141	13,609
N. Budget Estimates for Fiscal Year 1979			
1. As estimated in 1979 Budget	42,882	38,167	18,131
2. As estimated in 1980 Budget	43,300	38,372	14,929
3. Actual intake	41,259	37,497	13,648
O. Budget Estimates for Fiscal Year 1980			
1. As estimated in 1980 Budget	46,244	40,981	15,780
2. As estimated in 1981 Budget	44,739	40,133	14,672
3. Actual intake	44,063	40,061	13,318
P. Budget Estimates for Fiscal Year 1981			
1. As estimated in 1981 Budget	46,905	42,093	14,819
2. As estimated in 1982 Budget	46,745	42,400	14,114
3. Actual intake	43,321	40,752	12,576
Q. Budget Estimates for Fiscal Year 1982			
1. As estimated in 1982 Budget	48,916	44,438	14,714
2. As estimated in 1983 Budget	45,206	41,434	13,029
3. Actual intake	37,685	34,258	8,980
R. Budget Estimate for Fiscal Year 1983			
1. As estimated in 1983 Budget	46,788	42,808	13,485
2. As estimated in 1984 Budget	39,440	35,881	10,610
3. Actual intake	40,031	36,390	8,809
S. Budget Estimate for Fiscal Year 1984			
1. As estimated in 1984 Budget	41,806	38,033	11,247
2. As estimated in 1985 Budget	42,493	38,658	9,603
3. Actual intake	34,855	31,686	8,571
T. Budget Estimate for Fiscal Year 1985			
1. As estimated in 1985 Budget	44,885	40,834	10,233
2. As estimated in 1986 Budget	36,598	33,271	9,000
3. Actual intake b/	32,528	29,246	8,402
U. Budget Estimate for Fiscal Year 1986			
1. As estimated in 1986 Budget	38,428	34,935	9,540
2. As estimated in 1987 Budget	34,000	30,602	9,000
V. Budget Estimate for Fiscal Year 1987			
1. As estimated in 1987 Budget	36,000	32,348	9,000

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a/ Includes union decertification (UD), amendment of certification (AC), and unit clarification (UC) cases.

b/ Figures corrected subsequent to preparation of President's budget.

COMPARISON OF MEDIAN TIME *(Days)* ELAPSED IN PROCESSING CASES

	Fiscal Year																						
I. UNFAIR LABOR PRACTICE CASES	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	T.Q.	1977	1978	1979	1980	1981	1982	1983	1984	198
A. INFORMAL AGENCY DISPOSITIONS 1/																							
1. Filing to:																							
a. Withdrawal	25	25	25	27	27	27	27	28	25	27	27	27	23	26	26	26	26	26	26	26	26	26	31
b. Dismissal - No Appeal	52	51	52	54	54	54	51	54	50	51	51	52	54	51	50	49	50	53	52	53	52	51	49
After Appeal	90	90	96	97	111	106	117	126	82	78	76	81	82	73	73	77	84	92	90	91	90	87	75
c. Settlement or Adjustment	59	47	41	43	36	37	35	39	34	35	34	39	40	34	34	34	30	33	32	33	32	32	38
2. Median for all informal	41	40	40	41	43	42	40	44	41	40	40	42	44	39	41	40	39	40	40	41	40	41	42
B. FORMAL AGENCY DISPOSITIONS																							
1. Filing to complaint	56	59	58	61	58	58	57	59	51	51	50	54	55	51	48	47	45	46	44	45	45	45	44
2. Complaints to close of hearing	51	67	74	65	64	59	58	62	65	58	48	55	75	78	90	116	142	155	173	130	152	120	112
3. Close of hearing to Judge's Decision	91	123	116	101	97	84	84	80	83	76	69	72	89	94	113	140	157	158	139	125	116	102	126
4. Judge's Decision to Board Decision	124	122	112	128	120	123	124	141	116	133	131	134	120	112	134	128	123	133	120	120	194	246	167
5. Filing to Board Decision	346	390	393	369	362	366	348	370	349	356	327	332	358	374	396	429	483	484	490	430	627	610	661
C. ENFORCEMENT IN U.S. COURT OF APPEALS																							
1. Board Decision to Referral for Enforcement										41	42	39	37	50	39	40	38	44	45	42	41	42	54
2. Referral to filing of petition										57	35	34	38	43	29	29	29	30	53	44	72	19	29
3. Petition to Courts of Appeals Opinion										296	284	292	317	350	330	331	365	385	390	355	358	314	295
4. Board Decision to Courts of Appeals Opinion										377	349	359	375	410	390	406	423	498	501	450	454	410	383
II. REPRESENTATION CASES																							
A. INFORMAL AGENCY DISPOSITIONS 1/																							
1. Filing to:																							
a. Withdrawal 2/						22	15	21	22	23	22	23	24	21	23	23	21	24	24	21	20	21	25
b. Dismissal 2/						35	39	40	39	39	39	43	43	38	42	45	44	46	45	44	43	43	43
c. Closing after Agreement for Elections 2/						46	48	49	51	50	52	54	57	56	58	63	63	60	59	58	58	58	58
2. Median for all informal 2/										45	46	48	49	47	51	56	56	53	52	51	50	50	51
B. FORMAL AGENCY DISPOSITIONS																							
1. a. Filing to Notice of Hearing	9	8	8	9	9	9	9	10	9	9	9	9	10	9	8	8	8	8	8	8	8	8	8
b. Notice of Hearing to Close of Hearing	13	13	13	13	14	14	14	14	13	13	13	14	14	13	13	12	12	11	12	12	12	13	13
c. Filing to Close of Hearing	22	21	21	22	23	23	23	24	22	22	22	23	24	22	21	20	20	19	20	20	20	21	21
2. a. Hearing to Board Decision	116	107	116	135	128	138	139	152	148	147	144	137	138	175	176	167	170	187	209	200	220	247	192
b. Filing to Board Decision	189	182	197	215	166	233	228	239	237	241	225	236	246	268	260	275	263	295	215	205	230	296	252
3. a. Hearing to Regional Director Decision	17	17	19	20	22	22	20	23	20	20	20	22	23	23	22	20	19	19	19	18	20	20	21
b. Filing to Regional Director Decision	44	44	45	46	43	49	46	50	47	46	46	48	49	49	47	44	41	42	41	42	40	44	44

1/ From filing of charge or petition to close of case.

2/ First 6 months of Fiscal Year only through Fiscal Year 1976. Beginning with Fiscal Year 1977, data are for full years.

FISCAL TABLES

TABLE I
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NATIONAL LABOR RELATIONS BOARD
Comparison of 1986 and 1987 Positions, Annual Salaries and Personnel Compensation
for the Organizational Units of the Agency

Organizational Units	Fiscal Year 1986 Estimate		Fiscal Year 1987 Request		Change from 1986 Estimate to 1987 Request	
	Posi-tions	Annual Salary	Posi-tions	Annual Salary	Posi-tions	Annual Salary
Board Members' Offices & Related Units:						
Board Members' Offices and Legal Assistants	175	$6,759,039	175	$6,963,886	---	+ $204,847
Office of the Executive Secretary	31	852,800	30	847,300	-1	- 5,500
Division of Information	9	317,500	9	317,500	---	---
Office of the Solicitor	8	316,785	8	322,918	---	+ 6,133
Division of Judges	215	9,946,255	215	9,824,146		- 122,109
Subtotal, Board Members and Related Units	438	18,192,379	437	18,275,750	-1	+ 83,371
General Counsel & Staff:						
Office of the General Counsel	11	434,300	11	439,800	---	+ 5,500
Division of Operations Management:						
Management Staff	46	1,862,000	46	1,892,000	---	+ 30,000
Field Staff:						
Management	100	6,589,000	100	6,744,000	---	+ 155,000
All Other Field Professionals	1,190	47,965,000	1,190	49,097,000	---	+1,132,000
Field Clericals	669	11,795,000	670	12,073,000	+1	+ 278,000
Subtotal, Field Staff	1,959	66,349,000	1,960	67,914,000	+1	+1,565,000
Subtotal, Div. of Operations Management	2,005	68,211,000	2,006	69,806,000	+1	+1,595,000
Division of Advice	68	2,597,902	68	2,669,137	---	+ 71,235

TABLE I
Page 2 of 3 Pages

NATIONAL LABOR RELATIONS BOARD
Comparison of 1986 and 1987 Positions, Annual Salaries and Personnel Compensation
for the Organizational Units of the Agency

	Fiscal Year 1986 Estimate		Fiscal Year 1987 Request		Change from 1986 Estimate to 1987 Request	
Organizational Units	Positions	Annual Salary	Positions	Annual Salary	Positions	Annual Salary
General Counsel & Staff (cont'd):						
Division of Enforcement Litigation:						
Office of Associate General Counsel....	4	$150,984	4	$150,984	--	---
Supreme Court Branch..................	4	149,791	4	154,717	--	+ $4,926
Appellate Court Branch................	105	4,856,548	105	4,916,631	--	+ 60,083
Litigations Services Section.........	20	376,833	20	378,918	--	+ 2,085
Office of Appeals.....................	57	1,514,634	57	1,535,209	--	+ 20,575
Subtotal, Division of Enforcement Litigation..........................	190	7,048,790	190	7,136,459	--	+ 87,669
Division of Administration..............	288	8,157,160	288	8,307,823	--	+ 150,663
Subtotal, General Counsel & Staff......	2,562	86,449,152	2,563	86,359,219	+1	+1,910,067
Total Permanent for the Agency............	3,000	104,641,531	3,000	106,634,969	--	+1,993,438
Summary of Positions						
Total Permanent, Departmental..............	1,041		1,040		-1	
Total Permanent, Field.....................	1,959		1,960		+1	
Total Permanent for the Agency............	3,000		3,000		--	
Deduct Lapses..............................	-600		-670		-70	
Net Permanent for the Agency..............	2,400		2,330		-70	

TABLE I
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NATIONAL LABOR RELATIONS BOARD
Comparison of 1986 and 1987 Positions, Annual Salaries and Personnel Compensation
for the Organizational Units of the Agency
(In thousands of Dollars)

	Fiscal Year 1986 Estimate	Fiscal Year 1987 Request	Change from 1986 Estimate to 1987 Request
Total Permanent, Departmental............	$38,293	$38,721	+$ 428
Total Permanent, Field....................	66,349	67,914	+ 1,565
Total Permanent for the Agency............	104,642	106,635	+ 1,993
Deduct Lapses.............................	-17,554	-18,592	- 1,038
Extra day cost............................	348	341	- 7
Net permanent for the Agency..............	87,436	88,384	+ 948
Positions other than permanent...........	1,408	1,725	+ 317
Other personnel compensation (Overtime and holiday pay)..............	915	1,005	+ 90
Special personal services payments (Compensation of witnesses).............	200	240	+ 40
Total 11 Personnel Compensation...........	89,959	91,354	1,395

TABLE II

Comparative Table of Obligations by Object
for 1986 and 1987 Fiscal Years
(In thousands of dollars)

		FISCAL YEAR 1986 BEFORE SEQUESTRATION	FISCAL YEAR 1986 AFTER SEQUESTRATION	FISCAL YEAR 1987 ESTIMATE	CHANGE FROM 1986 ESTIMATE TO 1987 REQUEST
11	Personnel Compensation................	92,587	89,959	91,354	+1,395
12	Personnel Benefits....................	11,230	10,777	10,492	-285
21	Travel and Transportation of Persons..	4,331	4,000	4,000	
22	Transportation of Things..............	293	143	256	+113
23	Rent, Communications & Utilities:				
	Communications & Rentals............	5,861	5,526	5,435	-91
	Standard Level User Charges (SLUC)..	12,894	12,894	12,735	-159
24	Printing and Reproduction.............	825	560	650	+90
25	Other Services........................	3,582	3,022	3,028	+6
	Reporting Costs.....................	1,239	1,239	1,295	+56
26	Supplies and Materials................	1,220	470	1,037	+567
31	Equipment.............................	727	400	518	+118
42	Insurance Claims and Indemnities......	65	65	65	
	Total Obligations...................	134,854	129,055	130,865	+1,810

TABLE III
Page 1 of 2 Pages

NATIONAL LABOR RELATIONS BOARD
Comparison of 1986 and 1987 Estimated Average Employment
for the Organizational Units of the Agency
(Full-Time Equivalent Employment Only)

Oganizational Units	FISCAL YEAR 1986 ESTIMATE	FISCAL YEAR 1987 REQUEST	CHANGE FROM 1986 ESTIMATE TO 1987 REQUEST
Board Members' Offices & Related Units:			
Board Members' Offices and Legal Assistants	163.2	162.7	-0.5
Office of the Executive Secretary	27.5	28.3	+0.8
Division of Information	9.7	9.7	---
Office of the Solicitor	8.0	8.0	---
Division of Judges	153.2	149.7	-3.5
Subtotal, Board Members and Related Units	361.6	358.4	-3.2
General Counsel & Staff:			
Office of the General Counsel	11.3	11.3	---
Division of Operations Management:			
Management Staff	42.3	41.3	-1.0
Field Staff:			
Management	100.0	100.0	---
All Other Field Professionals	947.0	904.5	-42.5
Field Clericals	548.5	512.6	-35.9
Subtotal, Field Staff	1,595.5	1,517.1	-78.4
Subtotal, Div. of Operations Management	1,637.8	1,558.4	-79.4
Division of Advice	49.1	49.0	-0.1

TABLE III
Page 2 of 2 Pages

NATIONAL LABOR RELATIONS BOARD
Comparison of 1986 and 1987 Estimated Average Employment
for the Organizational Units of the Agency
(Full-Time Equivalent Employment Only)

Organizational Units	FISCAL YEAR 1986 ESTIMATE	FISCAL YEAR 1987 REQUEST	CHANGE FROM 1986 ESTIMATE TO 1987 REQUEST
General Counsel & Staff (cont'd):			
Division of Enforcement Litigation:			
Office of Associate General Counsel....	4.0	4.0	---
Supreme Court Branch..................	4.8	4.8	---
Appellate Court Branch................	91.0	89.0	-2.0
Litigations Services Section.........	16.0	15.0	-1.0
Office of Appeals.....................	51.2	52.0	+0.8
Subtotal, Division of Enforcement Litigation..........................	167.0	164.8	-2.2
Division of Administration..............	266.9	248.1	-18.8
Subtotal, General Counsel & Staff......	2,132.1	2,031.6	-100.5
Total Permanent for the Agency.............	2,493.7	2,390.0	-103.7
Summary of Average Employment			
Total FTE, Departmental....................	898.2	872.9	-25.3
Total FTE, Field...........................	1,595.5	1,517.1	-78.4
Net FTE for the Agency.....................	2,493.7	2,390.0	-103.7
Staff-Years for Employment other than FTE....................................	39.2	44.4	17.1

TABLE IV

NATIONAL LABOR RELATIONS BOARD
Comparison of Program and Finance By Activities
for 1986 and 1987 Fiscal Years
(In thousands of dollars)
(Obligation Basis)

Description	FISCAL YEAR 1986 BEFORE SEQUESTRATION	FISCAL YEAR 1986 AFTER SEQUESTRATION	FISCAL YEAR 1987 ESTIMATE	CHANGE FROM 1986 ESTIMATE TO 1987 REQUEST
Program By Activities:				
1. Field Investigation..................	$94,263	$90,080	$91,344	+1,264
2. Administrative Law Judge Hearing....	12,811	12,002	12,040	+38
3. Board Adjudication..................	12,541	12,260	12,432	+172
4. Securing Compliance with Board Order............................	15,239	14,713	15,049	+336
Total obligations...................	134,854	129,055	130,865	+1,810
Financing:				
Appropriation.......................	134,854	129,055	130,865	+1,810

Exhibits

A. Explanation of Types of Cases

B. Outline of Representation Procedures Under Section 9(c)

C. Basic Procedures in Cases Involving Charges of Unfair Labor Practice

D. National Labor Relations Board Enforcement Chart

NOTE: These exhibits provide, in concise form, outlines of the types of cases arising under the Labor Management Relations Act and the basic procedures in the processing of these cases within the Agency and in the Courts.

TYPES OF CASES

1. CHARGES OF UNFAIR LABOR PRACTICES (C CASES)

Charge Against Employer	Charge Against Labor Organization					Charge Against Labor Organization and Employer
Section of the Act **CA**	Section of the Act **CB**	Section of the Act **CC**	Section of the Act **CD**	Section of the Act **CG**	Section of the Act **CP**	Section of the Act **CE**
8(a)(1) To interfere with, restrain, or coerce employees in exercise of their rights under Section 7 (to join or assist a labor organization or to refrain). 8(a)(2) To dominate or interfere with the formation or administration of a labor organization or contribute financial or other support to it. 8(a)(3) By discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization. 8(a)(4) To discharge or otherwise discriminate against employees because they have given testimony under the Act. 8(a)(5) To refuse to bargain collectively with representatives of its employees.	8(b)(1)(A) To restrain or coerce employees in exercise of their rights under Section 7 (to join or assist a labor organization or to refrain). 8(b)(1)(B) To restrain or coerce an employer in the selection of its representatives for collective bargaining or adjustment of grievances. 8(b)(2) To cause or attempt to cause an employer to discriminate against an employee. 8(b)(3) To refuse to bargain collectively with employer. 8(b)(5) To require of employees the payment of excessive or discriminatory fees for membership. 8(b)(6) To cause or attempt to cause an employer to pay or agree to pay money or other thing of value for services which are not performed or not to be performed.	8(b)(4)(i) To engage in, or induce or encourage any individual employed by any person engaged in commerce or in an industry affecting commerce, to engage in a strike, work stoppage, or boycott, or (ii) to threaten, coerce, or restrain any person engaged in commerce or in an industry affecting commerce, where in either case an object is: (A) To force or require any employer or self-employed person to join any labor or employer organization or to enter into any agreement prohibited by Sec. 8(e). (B) To force or require any person to cease using, selling, handling, transporting, or otherwise dealing in the products of any other producer, processor, or manufacturer, or to cease doing business with any other person, or force or require any other employer to recognize or bargain with a labor organization as the representative of its employees unless such labor organization has been so certified.	(C) To force or require any employer to recognize or bargain with a particular labor organization as the representative of its employees if another labor organization has been certified as the representative. (D) To force or require any employer to assign particular work to employees in a particular labor organization or in a particular trade, craft, or class rather than to employees in another trade, craft, or class, unless such employer is failing to conform to an appropriate Board order or certification.	8(g) To strike, picket, or otherwise concertedly refuse to work at any health care institution without notifying the institution and the Federal Mediation and Conciliation Service in writing 10 days prior to such action.	8(b)(7) To picket, cause, or threaten the picketing of any employer where an object is to force or require an employer to recognize or bargain with a labor organization as the representative of its employees, or to force or require the employees of an employer to select such labor organization as their collective bargaining representative, unless such labor organization is currently certified as the representative of such employees: (A) where the employer has lawfully recognized any other labor organization and a question concerning representation may not appropriately be raised under Section 9(c). (B) where within the preceding 12 months a valid election under Section 9(c) has been conducted, or (C) where picketing has been conducted without a petition under 9(c) being filed within a reasonable period of time not to exceed 30 days from the commencement of the picketing, except where the picketing is for the purpose of truthfully advising the public (including consumers) that an employer does not employ members of, or have a contract with, a labor organization, and it does not have an effect of interference with deliveries or services.	8(e) To enter into any contract or agreement (any labor organization and any employer) whereby such employer ceases or refrains or agrees to cease or refrain from handling or dealing in any product of any other employer, or to cease doing business with any other person.

2. PETITIONS FOR CERTIFICATION OR DECERTIFICATION OF REPRESENTATIVES (R CASES)

By or in Behalf of Employees		By an Employer
Section of the Act **RC**	Section of the Act **RD**	Section of the Act **RM**
9(c)(1)(A)(i) Alleging that a substantial number of employees wish to be represented for collective bargaining and their employer declines to recognize their representative.*	9(c)(1)(A)(ii) Alleging that a substantial number of employees assert that the certified or currently recognized bargaining representative is no longer their representative.*	9(c)(1)(B) Alleging that one or more claims for recognition as exclusive bargaining representative have been received by the employer.*

3. OTHER PETITIONS

By or in Behalf of Employees	By a Labor Organization or an Employer	
Section of the Act **UD**	Board Rules **UC**	Board Rules **AC**
9(e)(1) Alleging that employees (30 percent or more of an appropriate unit) wish to rescind an existing union-security agreement.	Subpart C. Seeking clarification of an existing bargaining unit.	Subpart C. Seeking amendment of an outstanding certification of bargaining representative.

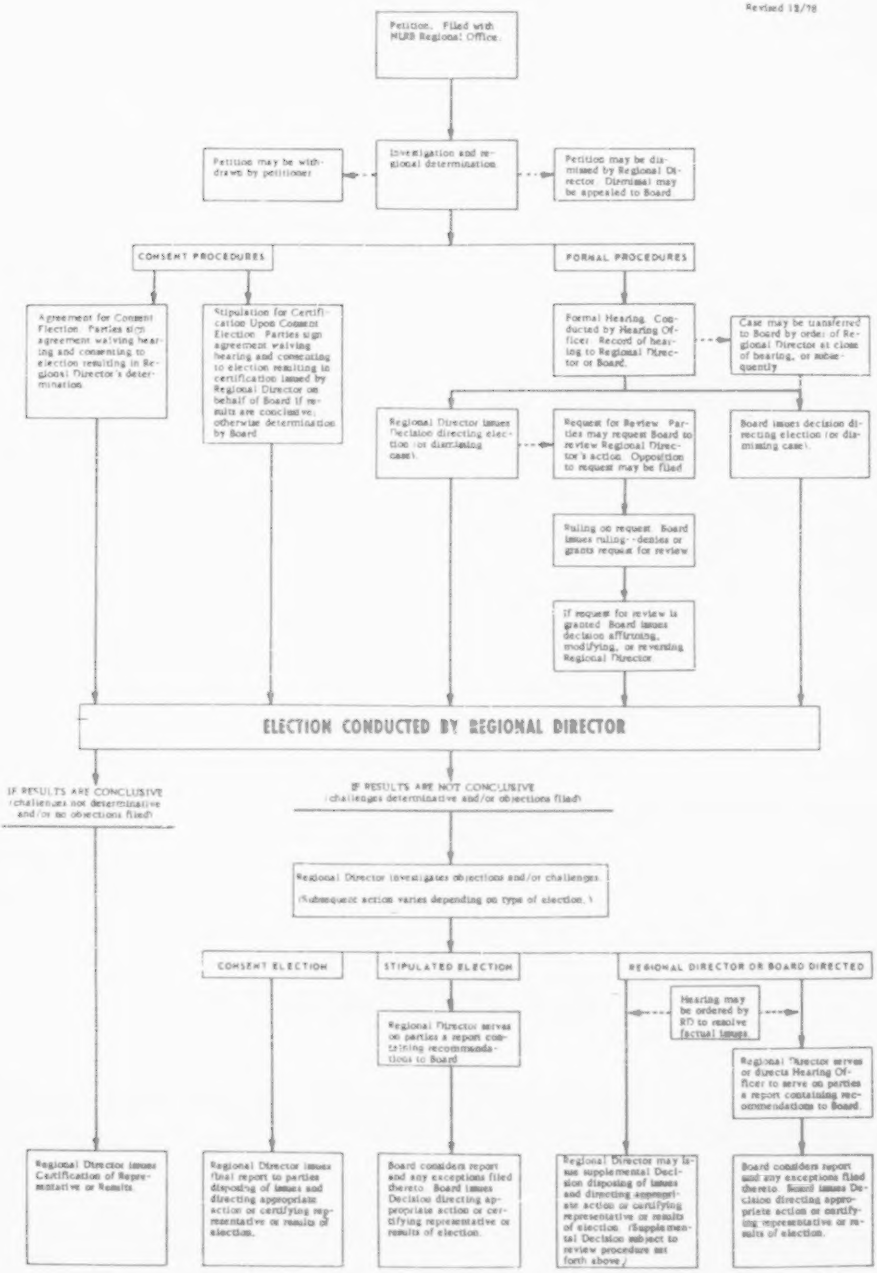
* If an 8(b)(7) charge has been filed involving the same employer, these statements in RC, RD, and RM petitions are not required.

Charges filed with the National Labor Relations Board are letter-coded and numbered. Unfair labor practice charges are classified as "C" cases and petitions for certification or decertification of representatives as "R" cases. This chart indicates the letter codes used for "C" cases and "R" cases, and also presents a summary of each section involved.

Revised 12/78

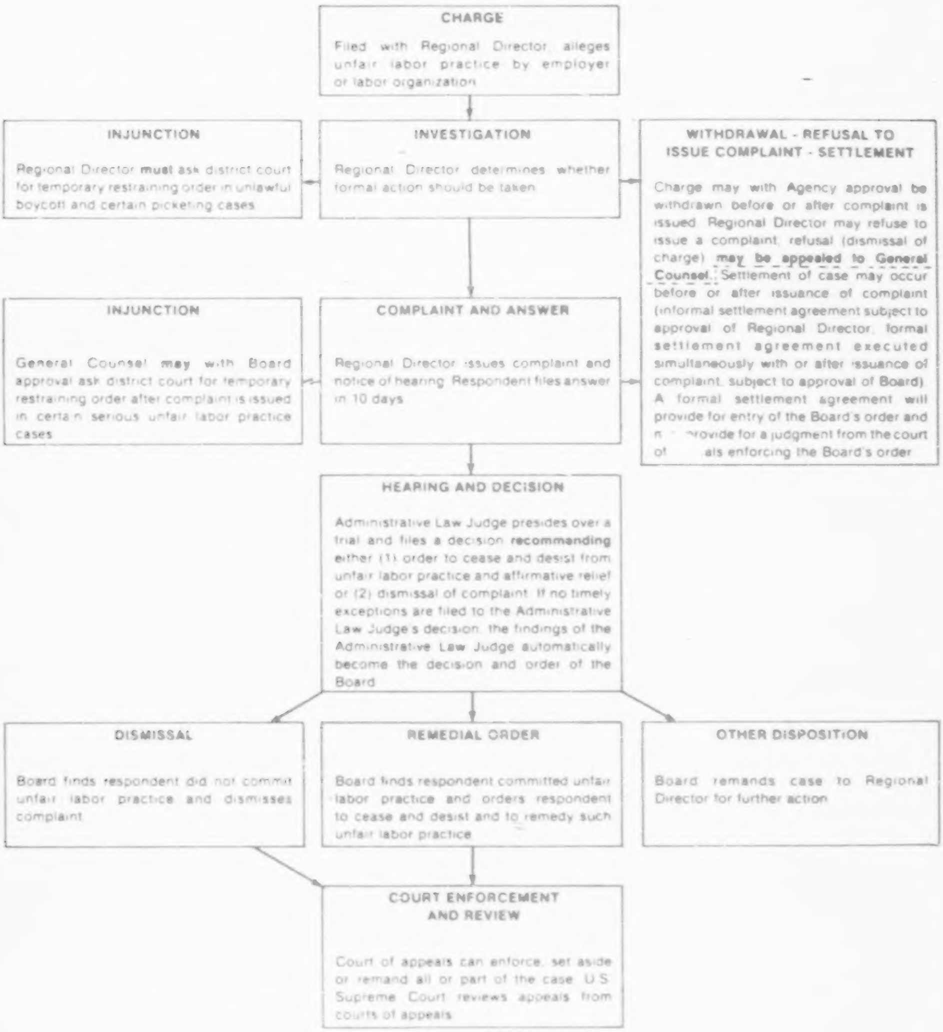
OUTLINE OF REPRESENTATION PROCEDURES UNDER SECTION 9(c)

Revised 12/78


Petition. Filed with NLRB Regional Office.
Investigation and regional determination.
Petition may be withdrawn by petitioner
Petition may be dismissed by Regional Director. Dismissal may be appealed to Board.
CONSENT PROCEDURES
FORMAL PROCEDURES
Agreement for Consent Election. Parties sign agreement waiving hearing and consenting to election resulting in Regional Director's determination.
Stipulation for Certification Upon Consent Election. Parties sign agreement waiving hearing and consenting to election resulting in certification issued by Regional Director on behalf of Board if results are conclusive; otherwise determination by Board
Formal Hearing. Conducted by Hearing Officer. Record of hearing to Regional Director or Board.
Case may be transferred to Board by order of Regional Director at close of hearing, or subsequently
Regional Director issues Decision directing election (or dismissing case).
Request for Review. Parties may request Board to review Regional Director's action. Opposition to request may be filed
Board issues decision directing election (or dismissing case).
Ruling on request. Board issues ruling--denies or grants request for review
If request for review is granted Board issues decision affirming, modifying, or reversing Regional Director.
ELECTION CONDUCTED BY REGIONAL DIRECTOR
IF RESULTS ARE CONCLUSIVE (challenges not determinative and/or no objections filed)
IF RESULTS ARE NOT CONCLUSIVE (challenges determinative and/or objections filed)
Regional Director investigates objections and/or challenges.
(Subsequent action varies depending on type of election.)
CONSENT ELECTION
STIPULATED ELECTION
REGIONAL DIRECTOR OR BOARD DIRECTED
Regional Director serves on parties a report containing recommendations to Board
Hearing may be ordered by RD to resolve factual issues.
Regional Director serves or directs Hearing Officer to serve on parties a report containing recommendations to Board.
Regional Director issues Certification of Representative or Results.
Regional Director issues final report to parties disposing of issues and directing appropriate action or certifying representative or results of election.
Board considers report and any exceptions filed thereto. Board issues Decision directing appropriate action or certifying representative or results of election.
Regional Director may issue supplemental Decision disposing of issues and directing appropriate action or certifying representative or results of election. (Supplemental Decision subject to review procedure set forth above.)
Board considers report and any exceptions filed thereto. Board issues Decision directing appropriate action or certifying representative or results of election.

NATIONAL LABOR RELATIONS BOARD

BASIC PROCEDURES IN CASES INVOLVING CHARGES OF UNFAIR LABOR PRACTICES



CHARGE

Filed with Regional Director, alleges unfair labor practice by employer or labor organization.

INJUNCTION

Regional Director **must** ask district court for temporary restraining order in unlawful boycott and certain picketing cases.

INVESTIGATION

Regional Director determines whether formal action should be taken.

WITHDRAWAL - REFUSAL TO ISSUE COMPLAINT - SETTLEMENT

Charge may with Agency approval be withdrawn before or after complaint is issued. Regional Director may refuse to issue a complaint; refusal (dismissal of charge) **may be appealed to General Counsel.** Settlement of case may occur before or after issuance of complaint (informal settlement agreement subject to approval of Regional Director; formal settlement agreement executed simultaneously with or after issuance of complaint, subject to approval of Board). A formal settlement agreement will provide for entry of the Board's order and n[illegible] provide for a judgment from the court of [illegible]als enforcing the Board's order.

INJUNCTION

General Counsel **may** with Board approval ask district court for temporary restraining order after complaint is issued in certain serious unfair labor practice cases.

COMPLAINT AND ANSWER

Regional Director issues complaint and notice of hearing. Respondent files answer in 10 days.

HEARING AND DECISION

Administrative Law Judge presides over a trial and files a decision **recommending** either (1) order to cease and desist from unfair labor practice and affirmative relief or (2) dismissal of complaint. If no timely exceptions are filed to the Administrative Law Judge's decision, the findings of the Administrative Law Judge automatically become the decision and order of the Board.

DISMISSAL

Board finds respondent did not commit unfair labor practice and dismisses complaint.

REMEDIAL ORDER

Board finds respondent committed unfair labor practice and orders respondent to cease and desist and to remedy such unfair labor practice.

OTHER DISPOSITION

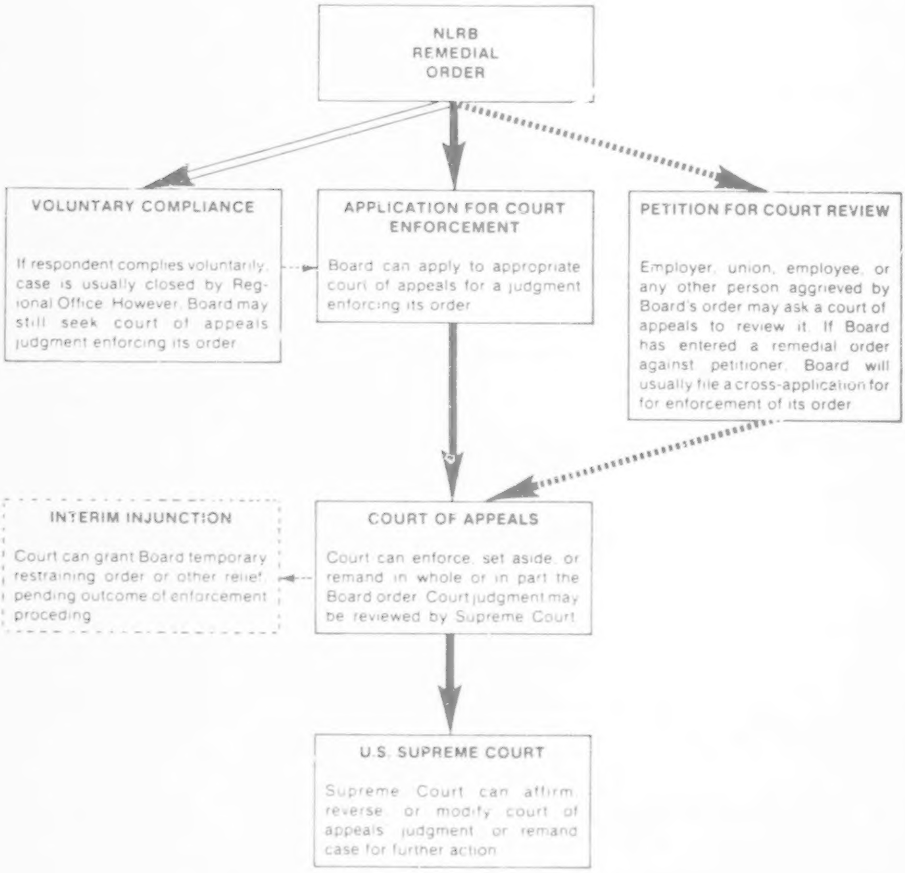
Board remands case to Regional Director for further action.

COURT ENFORCEMENT AND REVIEW

Court of appeals can enforce, set aside or remand all or part of the case. U.S. Supreme Court reviews appeals from courts of appeals.

December 13, 1984

NLRB ORDER ENFORCEMENT CHART



VOLUNTARY COMPLIANCE

If respondent complies voluntarily, case is usually closed by Regional Office. However, Board may still seek court of appeals judgment enforcing its order.

APPLICATION FOR COURT ENFORCEMENT

Board can apply to appropriate court of appeals for a judgment enforcing its order.

PETITION FOR COURT REVIEW

Employer, union, employee, or any other person aggrieved by Board's order may ask a court of appeals to review it. If Board has entered a remedial order against petitioner, Board will usually file a cross-application for for enforcement of its order.

INTERIM INJUNCTION

Court can grant Board temporary restraining order or other relief, pending outcome of enforcement proceding.

COURT OF APPEALS

Court can enforce, set aside, or remand in whole or in part the Board order. Court judgment may be reviewed by Supreme Court.

U.S. SUPREME COURT

Supreme Court can affirm, reverse, or modify court of appeals judgment or remand case for further action.

February 15, 1984

THURSDAY, APRIL 17, 1986.

NATIONAL MEDIATION BOARD

WITNESSES

WALTER C. WALLACE, CHAIRMAN
HELEN M. WITT, MEMBER
CHARLES L. WOODS, MEMBER
ROWLAND K. QUINN, EXECUTIVE DIRECTOR
MARY C. PRICCI, ADMINISTRATIVE OFFICER
ROY J. CARVATTA, STAFF DIRECTOR/GRIEVANCES
CHARLES BARNES, EXECUTIVE DIRECTOR-DESIGNATE

Mr. NATCHER. At this time, we take up the budget request for fiscal year 1987 for the National Mediation Board. We have before the committee Mr. Walter C. Wallace, Chairman.

Mr. WALLACE. Thank you, Mr. Chairman.

Mr. NATCHER. It is a pleasure to have you back before the committee at this time. Before you proceed with your statement, tell us who you have with you at the table there.

Mr. WALLACE. Be delighted to.

To my immediate right is Ms. Helen Witt. You recall, she was Chairman last year, and she has been a member of the Board since 1983; and to the right of Ms. Witt is Mr. Charles L. Woods, who is a new member of our Board, since January 9, 1986, and he is from California, and has been in the airline industry in various responsible positions for over 40 years.

Mr. Woods only last week was responsible for obtaining an agreement between the Brotherhood of Local Engineers and the National Railway Labor Conference to arbitrate a dispute involving national handling, and to my knowledge, that is the first under the Railway Labor Act, and is in keeping with the purposes of the Act.

It speaks well for the future, and I think he will make a very valuable contribution to the Board.

To Mr. Woods' right is Mr. Rowland K. Quinn, the current Executive Director of the National Mediation Board. Mr. Quinn—we are about two weeks away from the time when Mr. Quinn will be retiring, a date that I have been dreading for a long time.

Mr. Quinn's contribution to the Board will long be remembered, and we are going to miss him.

However, we are very fortunate. We have Mr. Charles Barnes, who is to the right of Mr. Quinn, who has been recently approved, and he will be the next Executive Director. He has been with the National Mediation Board as a senior mediator on the West Coast for 10 years or more. We are delighted to have him replace Mr. Quinn.

To my left, Mr. Chairman, we have Mary Catherine Pricci, our administrative officer; to the left of Ms. Pricci is Roy Carvatta, our Staff Director of Grievances Services, based in Chicago.

Mr. NATCHER. Mr. Wallace, we will be pleased to hear from you.

OPENING STATEMENT

Mr. WALLACE. Thank you, Mr. Chairman.

Mr. Chairman, members of the subcommittee, to summarize the submitted statement, the National Mediation Board is requesting an appropriation of $6,540,000 for fiscal year 1987, $455,000 more than is available for fiscal year 1986.

The primary functions of the Board under the Railway Labor Act include:

One, mediation in connection with collective bargaining and representation matters concerning employees in the railroad and airline industries. For this, we are requesting $3,286,000.

A second function of the Board relates to voluntary arbitration and the investigation of critical disputes through the emergency board procedure. We are asking $584,000 for this item, $25,000 more than is available in 1986.

Another function is the adjustment of employee grievances in the railroad industry. For this, we are requesting that $2,203,000 be appropriated for referee services for fiscal year 1987, an increase of $293,000 over 1986, to insure its function throughout the whole fiscal year. It is estimated that the administrative costs for this function will be $467,000.

This completes the summary of my statement. If you have any questions, we will be happy to answer them.

[The statement of Mr. Wallace follows:]

NATIONAL MEDIATION BOARD
WASHINGTON, D.C. 20572

STATEMENT

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE. Thank you for this opportunity to appear before your Subcommittee today regarding the National Mediation Board's budget for Fiscal Year 1987.

The total amount requested for Fiscal Year 1987 to administer the Railway Labor Act is for $6,540,000 and a personnel complement of 58 positions, $455,000 more than is available in Fiscal Year 1986.

The appropriation for the National Mediation Board is requested for expenses necessary to administer the provisions of the Railway Labor Act, as amended. This statute was designed to provide orderly procedures for the settlement of labor disputes in the railroad and airline industries as well as questions of employee representation and to interpret agreements made in mediation.

When the Railway Labor Act was amended in 1934 it established the National Railroad Adjustment Board for the purpose of handling grievances arising under the terms of collective bargaining agreements in the railroad industry.

One June 20, 1966, the President signed Public Law 89-456, which further amended certain provisions of Section 153 of the Act. Under the Public Law, new grievances and those which have been on docket before the National Railroad Adjustment Board for a period of a least one year may be referred to a local board of adjustment. The purpose of this amendment was to reduce an overwhelming caseload of unresolved disputes pending before the National Railroad Adjustment Board.

The budget justification, as submitted, identifies the functions just discussed and the amounts requested for each. I would like to go over each one briefly.

Mediatory Services

For mediatory services for Fiscal Year 1987 we are requesting $3,286,000, an increase of $114,000 over Fiscal Year 1986. These services include mediation relating to the making and amending of collective bargaining agreements, procedures relating to the selection by employees of their bargaining representatives, and a number of administrative duties consistent with statutory authority under the Act and related statutes governing railroad and airline labor disputes procedures.

Voluntary Arbitration and Emergency Disputes

The second activity of the Mediation Board relates to voluntary arbitration and the investigation of critical disputes through emergency board procedures. In these arbitration proceedings, disputes over contract formation are voluntarily submitted by labor and management to a neutral party for final and binding decision.

Emergency boards are created by the President pursuant to Section 160 of the Act. When the Mediation Board finds that a dispute not resolved in mediation threatens subtantially to interrupt interstate commerce and deprive any section of the country of essential transportation, it notifies the President who may create an emergency board to investigate and make recommendations as to the settlement of the dispute.

The Northeast Rail Service Act of 1981 amended the Railway Labor Act by adding a special emergency dispute procedure for publicly funded and operated commuter carriers and their employees. Under this procedure, the President would be required, upon request of any party to a labor dispute, including the Governor of the State, to establish possibly two successive emergency boards. A public hearing is held by the National Mediation Board, to review the Emergency Board's findings to help in resolving the issues in dispute.

The Mediation Board is requesting $584,000 for these activities, an increase of $25,000 over Fiscal Year 1986. As in the past we will continue to hold this amount in a special category and use it only for voluntary arbitration and emergency disputes. Any amount not needed for this purpose will remain unspent and lapsed at the end of the year.

Adjustment of the Railroad Grievances

When the Railway Labor Act was amended in 1934, the National Railroad Adjustment Board was created to hear and decide disputes involving railroad employee grievances and questions concerning the application and interpretation of work rules. Administrative responsibility and fiscal management of the Adjustment Board were placed with the National Mediation Board.

As indicated earlier in my statement the Mediation Board administers Public Law 89-456, which amended certain provisions of Section 153 of the Railway Labor Act.

In general, the amendment authorized the establishment of special boards of adjustment, known as public law boards, on individual railroads upon written request of either the representatives of employees or of the railroad to resolve disputes otherwise referable to the National Railroad Adjustment Board, and those disputes pending before the Board for one year.

The total of $2,203,000 is requested for the disposition of grievances by these tribunals, an increase of $293,000 over Fiscal Year 1986. We estimate that this is the amount necessary to sustain a full year of operation in Fiscal Year 1987. It is estimated that the administrative expenses attendant to the adjustment of grievances will be $467,000, $23,000 more than is available during Fiscal Year 1986.

This completes my statement. If you have any questions, we will be happy to answer them.

Walter C. Wallace
Member
National Mediation Board

Walter C. Wallace, a Member of the National Mediation Board, (NMB) has been active in labor-management relations for more than a quarter of a century, having held key positions in both industry and government during that time.

Prior to joining the three-member Board in October 1982, Mr. Wallace practiced law and arbitrated labor-management disputes in New York City. He had been a partner in the law firm of Ables and Wallace in Washington, D.C., before returning to New York.

From 1973-75 Mr. Wallace was President of the Bituminous Coal Operators Association, during which time he served as chief spokesman in industry negotiations with the United Mine Workers of America. For 11 years prior to that, Mr. Wallace had held key positions with the Hudson Pulp & Paper Corporation in New York City (now merged into Georgia-Pacific Corporation) and, as Vice President, was in charge of labor negotiations covering such issues as plant relocations, job security and racial integration.

In 1960-61 Mr. Wallace served as Assistant Secretary of Labor for Manpower and Employment in the Eisenhower administration, receiving a commendation from The President for his accomplishments in the Department of Labor. Also in the 1960's he served with Ronald Reagan and George Bush on the Republican National Committee's study group dealing with "National Emergency Strikes."

Mr. Wallace was Executive Assistant and Chief of Staff to the then Secretary of Labor, James P. Mitchell, from 1955-60. During that time, he participated in negotiations that created the Presidential Railroad Commission and later served as its General Counsel.

During his career he has also served as a member of the Board of Directors of the National Safety Council, as U.S. Delegate to the International Labor Organization's Tri-partite Conference on the Timber Industry, and as a member of the President's Energy Council during the Ford Administration.

A member of the Bar in New York, California and the District of Columbia, he is admitted to practice before various Federal courts.

Mr. Wallace is a World War II veteran, having served with the 10th Mountain Infantry Division. He was awarded the Bronze Star during combat operations in Italy. After the war, he received a B.A. from St. John's College in New York and an LL.B. from Cornell Law School.

Born in New York City, he attended public schools there. He is married and has one daughter.

BIOGRAPHY OF HELEN M. WITT

National Mediation Board

Helen M. Witt, formerly an arbitrator and attorney, has been a Member of the National Mediation Board since November 1983. She is the first woman to serve on the Board since the agency's inception in 1934.

Prior to joining the three-member Board, Mrs. Witt had arbitrated more than 1,500 disputes in private industry. This included a number of cases in the transportation industry, including the railroads and airlines. She became an arbitrator in 1971 and is a member of the National Academy of Arbitrators.

Mrs. Witt had handled arbitration disputes for the Monongahela Railway Company, as well as for several railroads owned by U.S. Steel companies. She formerly served for five years as a permanent arbitrator on System Boards of Adjustment dealing with grievance disputes between United Airlines and the International Association of Machinists and Aerospace Workers.

Mrs. Witt served as Assistant to the Chairman, Board of Arbitration for the U.S. Steel Corporation and the United Steel Workers of America from 1975-1982. She was Special Arbitrator, U.S. Steel Corporation and United Steel Workers of America in 1974. And, two years earlier, she was appointed to the first Expedited Arbitration Panel formulated by the Coordinating Committee Steel Companies and the United Steel Workers under the 1971 Basic Agreements.

Mrs. Witt also has served on the State Department's Foreign Service Grievance Board, created under the Foreign Service Act. From 1970-74 she was engaged in the private practice of law with the firms of Cleland, Hurtt & Witt, and Witt and Witt in Pittsburgh, PA.

In addition to the National Academy of Arbitrators, she is a member of the American Bar Association and the Allegheny County Bar Association. Mrs. Witt graduated with a B.A. degree from Dickinson College in Pennsylvania in 1955 and later received her law degree from the University of Pittsburgh School of Law.

Born July 13, 1933, in Atlantic City, N.J., she has lived in Pittsburgh since 1957. She is married to Edward A. Witt, an attorney, and they have three sons and two daughters.

January 1986

Biography of Charles L. Woods

Charles L. Woods, whose career in the U.S. airline industry spanned more than forty years, has been a Member of the National Mediation Board since January 9, 1986.

Prior to joining the Board, Mr. Woods was the West Coast airline representative for the International Brotherhood of Teamsters from 1975-1985. During that time, he played a significant role in labor negotiations between the Teamsters and the airlines and worked with Members of the National Mediation Board in regard to contractual matters.

Mr. Woods spent much of his adult life as a commercial airline pilot. He served as a captain with United Air Lines from 1947-1975, flying out of Los Angeles and San Francisco. He previously had been a co-pilot with United for three years.

During World War II (1941-1944), he was an instructor and flight commander at the Hancock College of Aeronautics, Santa Maria, California. At that time he served as a Flight Instructor and Check Pilot for U.S. Army Air Corps aviation cadets, West Point undergraduates and student officers.

During his career as a pilot, Mr. Woods was a union leader in the Air Line Pilots Association (ALPA). From 1945 to 1969 he served in various positions with the union and was active in labor negotiations between ALPA and United Air Lines. He was Master Executive Council Chairman at United for four terms (8 years) and earlier had served as Council Chairman in Los Angeles for two terms. He also had served on a number of ALPA's National Committees, had been an ALPA delegate to several AFL-CIO constitutional conventions and had chaired ALPA committees that dealt with the AFL-CIO Executive Committee and various government agencies.

Mr. Woods is married, has three children and resides in Manhattan Beach, California.

BOARD MEMBERS

Mr. NATCHER. Thank you, Mr. Wallace.

You currently have a full complement of three Board members, as you have explained to the committee.

When did the newest Board member come on board?

Mr. WALLACE. January 9, 1986.

Mr. NATCHER. Place a biographical sketch in the record for us, and we would appreciate it.

To what extent and at what point do Board members become directly involved in mediation?

Mr. WALLACE. The Board members supervise and keep track of mediation functions throughout the course of the progress of the mediation of a case, and they are particularly involved at the stage where it is in the public interest, in mediation.

Mr. NATCHER. How much support staff does each Board member have?

Mr. WALLACE. We have no support staff other than secretaries, Mr. Chairman.

Support staff exists for all of the Board.

GRAMM-RUDMAN IMPACT

Mr. NATCHER. The agency lost $273,000 in 1986 pursuant to Gramm-Rudman. Where in the agency are you making the reduction, Mr. Wallace?

Mr. WALLACE. We are making a reduction of $38,000, Mr. Chairman, in the mediatory service area, $25,000 in the emergency board and arbitration area, and $210,000 in the grievance arbitration activities.

Mr. NATCHER. Will you have any employee furloughs in 1986?

Mr. WALLACE. No.

Mr. NATCHER. Is the Gramm-Rudman reduction restored in the 1987 budget?

Mr. WALLACE. Yes, it is, Mr. Chairman.

Mr. NATCHER. Do you have much difficulty in reaching agreement each year on your budget amount with the Office of Management and Budget?

Mr. WALLACE. No, I would say not.

Mr. NATCHER. You are indeed fortunate, Mr. Wallace. If you would write a letter now, we would like to circulate it all down through the government.

1987 REQUEST

Your 1987 request, Mr. Wallace, is for $6,540,000, an increase of $455,000 over 1986. Are you satisfied that this budget is fully adequate for the agency?

Mr. WALLACE. Yes.

Mr. NATCHER. How many FTEs will you have?

Mr. WALLACE. Mr. Chairman, 58.

Mr. NATCHER. Do you have an adequate number of staff?

Mr. WALLACE. Yes, we do.

WORKLOAD OUTLOOK

Mr. NATCHER. What is your workload outlook for 1987 as compared with 1986?

Mr. WALLACE. We have testified we will have a considerable increase in mediation activity, a number of contracts expiring in the airline industry, and as a result, we do anticipate in fiscal year 1987, with the national negotiations behind us in railroads, that there would be considerable activity in those local railroad areas, where not covered or excluded specifically from the national handling, so we see pick-up during fiscal year 1987.

Mr. NATCHER. How many mediation cases are currently pending on the docket?

Mr. WALLACE. Something over 300 cases pending.

Mr. NATCHER. How does that compare with a year ago, Mr. Wallace?

Mr. WALLACE. We had fewer cases pending, Mr. Chairman, in 1985. We will provide you with the full information, but the current pending case, to the best of my ability, we had fewer cases in 1985, and that was related to the fact we were in the midst of national railroad negotiations.

Those negotiations, you might expect, result in less activities at the local level, and those who were waiting to see what develops at the national level. There were fewer cases handled in the 1985 period.

[The information follows:]

There are 355 cases pending as of the week ending April 18, 1986.

IMPACT OF DEREGULATION

Mr. NATCHER. Has the deregulation of the airline and railroad industries in recent years made the work of the Board more difficult and complex?

Mr. WALLACE. Yes, it has, considerably more difficult, considerably more complex.

Mr. NATCHER. Has the agency had any significant increases in staffing since the advent of the deregulation that I just mentioned?

Mr. WALLACE. We are talking about the period since 1978. I think not. I don't have the figures handy for 1978. We are at about the same level and possibly fewer, not mediators, but in terms of the staff we maintain in Chicago.

There were more people in Chicago in 1978 than today.

Mr. NATCHER. As you well know, some of the major airlines are having serious financial problems. What effect does this have on the Board's work?

Mr. WALLACE. It varies in airline disputes, one to the other. Eastern Airlines, during the period November-December, January and February, it had quite an impact. Eastern Airlines, as you probably know, is an airline that had the highest debt of any airline, major airline, in the United States.

That debt amounted to something like $2,500,000,000, related to deregulation, problems they have had meeting competition, buying new equipment, so forth.

In November of 1985, Eastern suffered a very serious loss, and based on that, there was concern among the lenders of that $2,500,000,000, and they imposed a deadline, February 28, 1986, that they would find Eastern in default of its obligations. Such a default could have had very serious impact, various ways for Eastern—could lead to bankruptcy and beyond. Unless Eastern Airlines was able to negotiate new contracts with the unions representing its employees that would produce very significant cost reductions, labor cost reductions, the banks would place Eastern in default.

Having had the bankers impose that kind of a deadline, I then, learning of that, met with the bankers to verify whether or not that deadline was real, whether or not there was any flexibility, and attempted to determine whether it was as serious as they indicated.

I was convinced that it was, and necessarily required that we expedite and try to meet that time frame set by the lenders to the best of our ability.

We had negotiations open with pilots and the flight attendants, but not with the machinists. It became a horse race to get those contracts completed in advance of the February 28 deadline. It was a monumental effort on the part of the Board. We did complete the contracts in advance of February 28, 1986, with two of the unions that we were dealing with, but not with the machinists. We did not have any right to put them in mediation, because their contracts had two more years to run.

As a consequence prior to the 28th deadline, Texas Air made an offer to Eastern for the purchase of the airline, and the decision was made primarily by the outside directors of Eastern Airlines, that in the absence of the kinds of labor agreements that would keep them from default, they accepted the offer from Texas Air. With the added resources available, with the new purchase, the bankers then were willing to waive the default that existed.

In this illustration, Mr. Chairman, you can see that the Board has to be responsive to what is going on in the economic sphere in the airline industry.

This is not the kind of concerns we have had in the past, but as a result of deregulation, we are going to have to become much more aware of the financial condition of the carriers that we are dealing with.

STRIKES

Mr. **Natcher**. How many strikes did we have in the two industries during 1985?

Mr. **Wallace**. None in the railroad industry. We had three strikes called in the airline industry. We had a strike involving Pan Am and TWU, a month-long strike late last winter, another on Alaska Airlines, of course, and United with its pilots. The strike on Alaska involved the machinists.

Mr. **Natcher**. All right.

Mr. Stokes, I yield to you.

MEDIATION CASELOAD

Mr. STOKES. The budget justifications show a large increase in the number of pending mediation cases in 1986. What is the reason for this?

Mr. WALLACE. 1986?

Mr. STOKES. Yes, sir.

Mr. WALLACE. As I said before, Congressman, the 1985 level was predictably lower because 1985 was almost entirely devoted to railroad negotiations, and as a consequence, many of the short-line, local railroads, who were waiting to negotiate their agreements, are holding back until they see what pattern develops at the national level. It may very well be that the matters they are concerned with will be covered in the national agreement, or a moratorium established by the national agreement may very well exclude from the national agreement, and permit them to negotiate on matters not anticipated before.

So it is a normal function that the others who would negotiate hold back.

Mr. STOKES. Do you have an adequate number of mediators?

Mr. WALLACE. 21. I would say it is certainly an adequate number. We have some of the finest mediators in existence, I would say, if I may put the plug in.

Mr. STOKES. Do you have the means to anticipate what your mediation caseload will be in 1987?

Mr. WALLACE. Well, primary source is historical data. The calendar of expirations is a clue to what may be developing. A three-year contract negotiated in 1983 will be up in 1986 or 1987, but it is not a very exact indicator.

For instance, we have representation matters pending in two very large units of two major airlines, TWA, for the passenger service employees, and the other is on Eastern Airlines, involving 11,000—some of the largest groups of unorganized, and it is possible, they may become organized, and when they do, they will be negotating a contract and looking to the Mediation Board for assistance in connection with those negotiations.

On this basis we can anticipate what may happen in representation for new units being brought in.

As you will appreciate, our head is spinning with the number of mergers, consolidations that we may become involved in.

RAILROAD GRIEVANCES

Mr. STOKES. Your budget justification indicates in October 1985, the National Mediation Board sponsored a conference on grievance handling and labor arbitration in the railroad industry.

What was the purpose of this conference? Tell us something about the outcome of the conference.

Mr. WALLACE. Full credit, I must say, Congressman, belongs to Mrs. Witt, it was her idea. She organized it, and a very fine job was done. It was very well attended, and we had more than 40 participants from organized labor, 50 from the carriers, and 53 neutrals.

They were not coming together in California for the purpose of recommending specific things, we were coming together to find out what might be possible, approaches, how can we do a better job of handling arbitration matters under the Railway Labor Act.

We had a surprising consensus that much could be done to improve the program and we had a number of specific ideas which have been helpful.

One major result of it was the formation of a committee made up of labor and management at a very high level for the purpose of dealing with a specific agenda for the future. We are encouraged when that committee meets, that some very valuable results will come forth.

Mr. STOKES. In the past, funding for referee services has been a problem area. $2,203,000 is requested for this purpose in fiscal year 1987.

Are you confident that this is an adequate amount?

Mr. WALLACE. The amount requested will carry us through. We believe we have a mandate from Congress to continue the operations for grievance arbitration for the full year.

In years back, 1981, 1982, 1983, we were forced to cut short the operations before the end of the year, because we had run out of money. Well, apparently, it has been expressed by the Appropriations Committees in the Congress that we should maintain that activity through an entire year, and we intend to do that.

We did it in 1984 and 1985, and intend to do it in 1986. What has resulted, though, is that we find that there is not enough money to keep it at the same level.

Gramm-Rudman was one reason we had to cut back $210,000, as of March 1st, and the way we have approached it in order to keep the whole operation going was to reduce the number of days that individual referee could work against days requested, try to monitor them. In addition, we try to gain increased productivity, where that might be possible to do so and stretch the dollar paid as far as we can. In terms of travel expenses, we are trying to keep the operation going, but still handle enough cases to carry out our obligations.

Mr. STOKES. How much did you allocate for referee services in fiscal year 1986?

Mr. WALLACE. $1,710,000, Congressman.

Mr. STOKES. That is about half of the amount you are requesting for 1987, is that it?

Mr. WALLACE. In 1987, we are requesting—personal service part of it.

Mr. STOKES. Referee service is what I am asking about. Your request for fiscal year 1987 is $2,203,000.

Mr. WALLACE. Wait a minute.

What page are you looking at? Oh, we have it. Page 30. We are requesting for fiscal year 1987 $2,203,000, and that compares with fiscal year 1986, we requested $1,910,000.

The figure gets confusing because the $2,203,000 includes $1,990,000 plus $213,000 for travel, and the $1,990,000 is the salaries and the $213,000 is travel expenses involved in that referee activity.

Mr. STOKES. Do you have a sufficient number of referees?

Mr. WALLACE. Mr. Carvatta was briefing me on this the other day. He said we have a finite number of days which we can permit referees to work. On the other hand we have seemingly infinite number of referees who want this work.

EMERGENCY BOARDS

Mr. **Natcher**. Have there been many emergency boards appointed in the past couple of years?

Mr. **Wallace**. Yes, there have been emergency boards appointed in the last couple of years. There was one in 1985, which is the most recent one, involving the dispute between the United Transportation Union and the National Conference, the National Conference of Carriers.

That one resulted in a recommendation, and it was negotiated out and eventually, the problem was resolved.

In addition, Mr. Chairman, we have emergency boards appointed under section 9(a), that may be referred to here, which involves commuter lines, publicly-owned and controlled commuter lines.

As an illustration, the Long Island Railroad, the PAT Railroad up in New York, and those are also considered emergency boards, but they are of a different character. We had several of those boards last year, I believe.

GRIEVANCES

Mr. **Natcher**. How many grievance cases, approximately, are now pending somewhere in the system?

Mr. **Wallace**. Approximately 22,000, totally.

Mr. **Natcher**. Does the volume continue to go up each year?

Mr. **Wallace**. Well, Mr. Chairman, with the cutback in referee activity, occasioned by the Gramm-Rudman reduction, we are operating at a lower level. I have to anticipate that that will mean the backlog will increase somewhat as a result of that.

I must point out that the backlog may not be as serious as the numbers themselves indicate. We have had a number of indications that, if you really dig into some of those backlogged cases, and some are quite old, we might have a better understanding of the situation.

We believe we might find that we would have a lot less than 20,000 cases.

Mr. **Natcher**. For the record, provide a table showing the number of grievance claims received and processed each year for the past 10 years, and also show the total railroad employment for each of the 10 years.

[The information follows:]

RAILROAD GRIEVANCES CASELOAD

Fiscal year	Cases received	Cases closed	Total railroad employees[1]	Cases received per 1,000 employees
1985	8,425	8,608	321,881	26.17
1984	8,339	8,959	343,654	24.27
1983[2]	6,695	5,558	341,507	19.60
1982[3]	8,337	7,071	397,007	21.00

RAILROAD GRIEVANCES CASELOAD—Continued

Fiscal year	Cases received	Cases closed	Total railroad employees[1]	Cases received per 1,000 employees
1981[4]	7,389	6,074	456,833	16.17
1980	8,083	8,242	480,410	16.83
1979	6,425	7,169	502,802	12.78
1978	6,098	8,631	491,254	12.41
1977	6,693	6,865	501,389	13.35
1976	7,050	7,298	496,491	14.20

[1] Represents the average number of employees on Class I railroads.
[2] No work for 4.25 months.
[3] No work for 3.65 months.
[4] No work for 2 months.

CONFERENCE ON ADJUSTMENT OF GRIEVANCES

Mr. **Natcher**. You convened a conference on adjustment of grievances last fall. What recommendations were made during this conference?

Mr. **Wallace**. Primary recommendation, we were heartened by the recommendation of management and labor, rail carriers and rail unions to form a joint committee made up of representatives of the carriers and the unions for the purpose of coming up with a specific recommendation for reform, and assistance to the Board, and carry out its responsibilities to expedite and get at the whole problem of grievance handling.

And we were very hopeful this would be a meaningful committee that would help us a great deal.

Mr. **Natcher**. Does the Board intend to pursue changes in this area?

Mr. **Wallace**. Mr. Chairman, the Board intends to pursue changes, to the extent it can in this area.

One thing that is not apparent on any of the figures here is that an effort is being made, and it is informal, but effective, to urge the referees to increase productivity, and if you analyze the figures here, you will see that it is not unreasonable for us to expect a standard that would relate to something along the lines of one day's work for one case, and where that time is exceeded, it could be excessive, and I am not talking about one small group of cases, but lifetime averages, and we are trying our best to get the word out that that standard will certainly help us a great deal in reducing the backlog and getting the government to spend less money in this area and get more return for it also. We are interested in settling cases.

To the extent that can be done, we would want to encourage that.

ADMINISTRATIVE COSTS

Mr. **Natcher**. How much are you budgeting for automation activities in 1986 and 1987?

Mr. **Wallace**. Budgeting 1986, $297,000, Mr. Chairman; in 1987, it is $372,000.

Mr. **Natcher**. Page 39 of the justification, you show an increase of $94,000 for capital investment. Why is that necessary, Mr. Wallace?

Mr. **Wallace**. Mr. Chairman, that is primarily equipment, hardware.

Mr. **Natcher**. On page 7, you have an increase of $58,000 for other services. Why is that needed?

Mr. **Wallace**. As I understand it myself, Mr. Chairman, includes a broad category that involves software and equipment maintenance contracts, training and reporting services, which is a large item for us, too.

Mr. **Natcher**. Provide a breakdown of other services and place it in the record.

[The information follows:]

FY 1987—25.0 Other Services

Item	*Amount*
Maintenance of equipment software	$57,000
Training	11,000
Stenographic reporting	65,000
Parking	5,000
Software development	14,000
GSA/cleaning	6,000
ADP link with Government agencies	9,000
Health unit	4,000
Data entry contract	4,000
Total	175,000

Mr. **Natcher**. How did you manage to reduce your space rental charges in 1987?

Mr. **Wallace**. We were advised by the GSA something approaching some $40,000 less would be obligated, and that was based on space in Washington, D.C. Our space in Chicago went up some $7,000, so the net effect is a reduction.

Mr. **Natcher**. How is the new office space arrangement in Chicago working out?

Mr. **Wallace**. It is working out a lot better than expected. We were fearful, and we had some of the testimony in prior years that it would result in serious difficulties in the decisionmaking capability of getting cases out, so forth.

We have seen no such effect.

Mr. **Natcher**. Mr. Quinn, we want to commend you on the service that you have rendered down through the years. You served as Executive Secretary of the National Mediation Board with distinction and honor, and we want to commend you and say to you that we wish you the best of everything in the future.

Mr. **Quinn**. Thank you.

Mr. **Natcher**. Mr. Barnes, we want to welcome you. If you do just half as good, you are doing all right.

Mr. **Barnes**. Thank you, sir.

Mr. **Natcher**. Mr. Wallace, we want to thank you and your associates for appearing before our committee at this time on behalf of your budget request. It has been a good hearing.

(The following questions were submitted to be answered for the record)

MAINE CENTRAL DISPUTE

Mr. Conte. Chairman Wallace, would you outline for us the background of the Maine Central strike, the events leading up to it, and the Mediation Board's involvement in seeking a resolution to this dispute?

Mr. Wallace. On April 2, 1984, the Brotherhood of Maintenance of Way Employes served similar proposals for contract changes on all carriers holding contracts with the labor organization, including the Maine Central Rail Road. Most railroads holding such contracts authorize the National Railway Labor Conference to bargain for them on a national basis, but the Maine Central decided to bargain locally. Direct negotiations between the parties failed to produce a settlement. Mediation was requested by the BMWE on September 19, 1984, and the National Mediation Board docketed the dispute on September 21, 1984. The first mediation session was conducted on December 4, 1984, and a number of sessions were conducted in subsequent months. Mediation proved unsuccessful in resolving the parties' differences and the Board requested that the parties arbitrate their dispute on September 25, 1985. Arbitration was rejected by the union and the parties were released from mediation on October 2, 1985. Under the Railway Labor Act, a 30-day cooling off period was triggered, following which either party could engage in self-help. Prior to this deadline, the parties voluntarily agreed to extend the status quo period through February 28, 1986. Mediation was conducted in the public interest prior to February 28, but again did not result in a settlement. The union withdrew its services on March 3, 1986 and the other unions on the property refused to cross BMWE picket lines. The Board has periodically met with the parties since the strike began, but no further meetings are scheduled at this time. We do remain, nonetheless, in telephone contact with the principals should an opportunity for a further effort at settlement materialize.

Mr. Conte. How do the job security provisions sought by the Maine Central employees compare to job security provisions in effect on other railroads?

Mr. Wallace. It would be inappropriate for me to comment on a party's specific bargaining demand in an ongoing dispute. We find it extremely difficult to adequately describe a party's position on any single issue as there is a very real potential for an unfair characterization. From our perspective, we have observed that the public position of a party may be different from its private posture or what is ultimately agreed to. A further complication is the fact that a party's position on one issue may be contingent on how other issues are addressed and resolved.

Mr. Conte. Under the Railway Labor Act, what protections are afforded to rail employees, such as those on the Boston and Maine, who honor picket lines thrown up by employees of an affiliated carrier? How does this differ from the National Labor Relations Act?

Mr. Wallace. The Railway Labor Act itself is silent on this particular matter. It would be up to the courts to resolve any problems which should arise in this area. As we have no role under the National Labor Relations Act and no experience under that Act, we believe that the National Labor Relations Board would be the appropriate agency to respond to your question regarding the protections afforded by that statute.

Mr. Conte. As you know, during this work stoppage the Boston and Maine Railroad has abolished the jobs of many employees who are honoring the Maine Central picket lines. If the President creates an Emergency Board, my understanding is that the striking Maine Central employees would go back to work under the pre-strike terms and conditions for 60 days. What happens to Boston and Maine employees who have been honoring the Maine Central picket lines if an Emergency Board is created?

Mr. Wallace. This matter is not one specifically considered under the Railway Labor Act. The final paragraph of Section 160 of the Railway Labor Act states:

"After the creation of such board and for thirty days after such board has made its report to the President, no change, except by agreement, shall be made by the parties to the controversy in the conditions out of which the dispute arose."

In past situations where a strike was underway, it is our understanding that the parties themselves have stipulated as to the conditions which would prevail subsequent to the appointment of a Presidential Emergency Board. The parties' stipulated agreement has been judicially endorsed. A failure by the parties to agree to the post-emergency board conditions of work would likely result in an appropriate court imposing some such arrangement.

Mr. Conte. If the President creates an Emergency Board, is there any restriction on the ability of the Railroad to cease operations or go into voluntary receivership during the following 60-day period?

Mr. Wallace. These matters are not within our general area of competence and I must defer comment.

Mr. Conte. One of the Mediation Board's obligations, in determining whether to recommend the creation of an Emergency Board by the President, is to assess whether a labor action is causing a significant disruption of transportation service. Where does the National Mediation Board get such data?

Mr. Wallace. The National Mediation Board receives data on the impact of a strike or potential strike situation primarily from the U.S. Department of Transportation.

Mr. Conte. Can you provide me with the most recent data available to you on the impact of the Maine Central strike on transportation service in the Northeast?

Mr. Wallace. The most recent information that we have received from the Department of Transportation has been through telephonic reports and these reports have not been transcribed. The Department of Transportation may be a better source for these data.

Mr. Conte. Just to wrap up these questions on the Maine Central, I know that the Mediation Board has traditionally regarded its communications with the President as confidential. I have received word from the White House, however, that the National Mediation Board last Friday recommended the creation of a Presidential Emergency Board to review the Maine Central dispute. That was the action I had requested, and I wanted you to know that I appreciate it.

Mr. Wallace. It is the longstanding policy of the National Mediation Board to refrain from commenting on whether or not the Board has notified the President that a situation exists that could call for the creation of a Presidential Emergency Board under Section 160 of the Railway Labor Act.

GRAMM-RUDMAN IMPACT

Mr. Conte. Turning to your budget now, what has been the impact on the Mediation Board of the $273,000 Gramm-Rudman cut?

Mr. Wallace. After careful consideration of the three functions over which the Board has jurisdiction, the reduction was achieved by taking $38,000 from mediation; $25,000 from emergency boards/arbitration boards; and $210,000 from the adjustment of railroad grievances. This reduction has not greatly affected the mediatory function, but, it has impacted upon the grievance machinery which is now operating at a lower level.

USER FEES

Mr. Conte. You know, with all the emphasis this Administration has placed on user fees, I was surprised that no one at OMB has come out with a proposal to require parties who request the mediation services of the Board to contribute something toward the cost of providing those services. I know that this would be a very controversial idea, but do you have any reaction to it?

Would the imposition of a "mediation user fee" tend to discourage parties from taking advantage of the Board's services?

Mr. Wallace. Mediation is the key tool placed in the Railway Labor Act to accomplish the Act's primary purpose to avoid interruptions in rail and air service. Because of the important role that transportation service plays to the economy of the United States, the Act has made mediation mandatory upon the parties, not voluntary. The procedures of the Act require labor and management to keep searching for a possible settlement through the mediation process sometimes even longer than the parties deem worthwhile. Since mediation is required under the Act, and because of the public interest involved, I believe it would be inappropriate to charge the parties for using this service.

RAILROAD GRIEVANCES

Mr. Conte. The largest increase in your proposed budget is $280,000 for increased referee salaries for the adjustment of railroad grievances. Do you anticipate more cases, are individual salaries going up, or is something else responsible for the increase?

Mr. Wallace. During FY 1985, $2,352,000 was obligated for the adjustment of railroad grievances. The increase of $280,000 for referee services brings FY 1987 in line with what was obligated during FY 1985.

Mr. Conte. Last October, the Mediation Board participated in a conference on "Grievance Handling and Labor Arbitration in the Railroad Industry." What suggestions for improvements came out of that conference, or what suggestions would the members of the Board have for improving the resolution of disputes under the Railway Labor Act?

Mr. Wallace. Some of the individuals who attended the conference have already implemented some of the suggestions made during the conference. Specifically, the number of expedited discipline boards has increased on certain carriers with certain unions that could cut the time it takes to reach a decision on discharge cases. Any changes instituted depend on the willingness of the parties. The Members of the Board have made many suggestions but the Board cannot require the parties to adopt them.

FUTURE CONTRACTS NEGOTIATION

Mr. Conte. What contracts are coming up during the current and next fiscal years that may lead to National Mediation Board activity?

Mr. Wallace. Compared to FY 1986, which will not be a particularly heavy bargaining year in the airline industry, FY 1987 will see a large number of agreements due for amendment. Agreements concerning over 60 crafts or classes of employees are subject to amendment in FY 1987, twice the FY 1986 number. We expect a corresponding increase in mediation activities as a result. Included are some of the largest bargaining units in the airline industry: mechanics on United, Western, USAir, and Flying Tiger; pilots on Pan American, Western, Piedmont, Republic, and Flying Tiger; flight attendants on American, Western, Northwest, Piedmont, Republic, and Frontier; clerical and related employees on Ozark, Republic, Western and Frontier.

During the remainder of FY 1986, pilot agreements will be negotiated on American, Northwest and Ozark; flight attendant agreements on USAir, Ozark, Southwest and Aloha; and mechanic agreements on Republic and Aloha.

On the railroad side, we are hopeful of concluding national railroad bargaining during FY 1986. If national bargaining is completed, then in FY 1987 labor and management on the local rail properties will be discussing issues either not resolved in national negotiations or not precluded from local bargaining by the moratorium provision of the national agreement. This will also tend to increase the overall workload of the Board.

RENT COST

Mr. Conte. Your justification sheets show a $42,000 decrease in GSA rent (SLUC fund) for mediatory services, but a $7,000 increase under adjustment of railroad grievances. First of all, why is there a distinction made on rent between your various activities?

And second, this is just about the first GSA rent decrease I've ever seen. Mind you, I'm not complaining — but how do you explain it?

Mr. Wallace. The mediatory services are directed by the Board's staff housed in Washington, D.C.; the adjustment of railroad grievances is directed by the Board's office in Chicago. As to the rent cost, the General Services Administration determines what the SLUC rate will be for FY 1987.

NATIONAL MEDIATION BOARD

JUSTIFICATION OF BUDGET ESTIMATES

Fiscal Year 1987

NATIONAL MEDIATION BOARD

SALARIES AND EXPENSES

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NATIONAL MEDIATION BOARD

SALARIES AND EXPENSES

For expenses necessary to carry out the provisions of the Railway Labor Act, as amended, (45 U.S.C. 151-188), including emergency boards appointed by the President, [$6,358,000] $6,540,000.

NATIONAL MEDIATION BOARD

SALARIES AND EXPENSES

Amounts Available for Obligations

	1986 Estimate	1987 Estimate
Appropriation or estimate................	6,358,000	6,540,000
Reduction pursuant to PL 99-177	- 273,000	---
Total amount available for obligations....	6,085,000	6,540,000

SALARIES AND EXPENSES

Obligations by Activity
(in thousands of dollars)

	1986		1986/Revised		1987		Change	
	FTE	Amt.	FTE	Amt.	FTE	Amt.	FTE	Amt.
1. Mediatory services....	48	3,210	48	3,172	48	3,286	..	114
2. Voluntary arbitration and emergency disputes..............	..	584	..	559	..	584	..	25
3. Adjustment of railroad grievances:								
Referee services....	..	2,118	..	1,910	..	2,203	..	293
Administrative costs...............	10	446	10	444	10	467	..	23
	58	6,358	58	6,085	58	6,540	..	455

SALARIES AND EXPENSES

Summary of Changes

	FTE	Revised Amount
1986 Appropriation	58	6,358,000
Reduction pursuant to PL 99-177	..	- 273,000
1986 Revised Estimate	58	6,085,000
1987 Estimate	58	6,540,000
Total Change	..	455,000

National Mediation Board
Activity 1: Mediatory Services

Increases:

	Change	
	FTE	Amount
To provide for net cost of within-grade promotions becoming effective in 1987	..	18,000
To provide for full year cost of within-grade promotions effective in 1986	..	15,000
To provide for increased cost of personnel benefits	..	4,000
To increase travel funds	..	31,000
To increase funds for cost of conference room rental	..	2,000
To provide for increased cost of telecommunications services	..	6,000
To provide for increased cost of xeroxing	..	2,000
To increase funds for reimbursable work performed by GSA	..	3,000
To increase funds for cost of printing	..	1,000
To provide for cost of maintenance of equipment software	..	18,000

	Change	
	FTE	Amount
To increase funds for training............	..	6,000
To increase funds for reporting service...	..	10,000
To provide for cost of software development............................	..	6,000
To provide for increased cost of ADP link with Treasury; GSA; OMB...........	..	3,000
To provide for increased cost of supplies...............................	..	1,000
To provide for purchase of ADP equipment..	..	30,000
Total Increases.....................	..	156,000
Decreases:		
Decrease in SLUC (GSA rent)...............	..	42,000
Total Decreases.....................	..	42,000
Total Change for Mediatory Services.......	..	114,000

	Change	
	FTE	Amount
National Mediation Board Activity 2: Emergency Boards/Arbitration Boards		
Increases:		
To increase travel funds..................	..	10,000
To increase funds for reporting service...	..	15,000
Total Increases.....................	..	25,000
Total Change for Emergency Boards/ Arbitration Boards.....................	..	25,000

National Mediation Board
Activity 3: Adjustment of Railroad Grievances

	Change FTE	Change Amount
Increases:		
To provide for the net cost of within-grade and promotions based on incumbents reaching journeyman level........	..	5,000
To increase funds for referee salaries...	..	280,000
To provide for increased cost of personnel benefits.....................	..	1,000
To increase funds for referee travel.....	..	15,000
To provide for increased cost of rent based on estimate provided by GSA......	..	7,000
To provide for increased cost of telecommunications services............	..	3,000
To increase funds for purchase of equipment and replacement of furniture......	..	5,000
Total Increases.....................	..	316,000
Total Change for Adjustment of Railroad Grievances............................	..	316,000
Total Change for all activities...........	..	455,000

SALARIES AND EXPENSES

Obligations by Object
(in thousands of dollars)

Activities 1, 2 and 3 (Consolidated)	1986 Est.	1986 Revised	1987 Est.	Change 1986/ 1987
Total number of permanent FTE	58	58	58	...
Personnel compensation:				
11.1 Permanent positions......	2,361	2,361	2,399	38
11.5 Other personnel compensation............	10	10	10	...
11.8 Special personal services payments.......	2,293	2,090	2,370	280
Total personnel compensation............	4,664	4,461	4,779	318
12.1 Personnel benefits: civilian................	288	288	293	5
21.0 Travel and transportation of persons.............	570	533	589	56
23.1 Standard level user charges.................	353	353	318	-35
23.2 Rental payment to others.	10	8	10	2
23.3 Communications, utilities, and other rent..........	211	216	230	14
24.0 Printing and reproduction	45	45	46	1
25.0 Other services...........	153	117	175	58
26.0 Supplies and materials...	44	44	45	1
31.0 Equipment................	20	20	55	35
99.0 Total obligations........	6,358	6,085	6,540	455

SALARIES AND EXPENSES

Authorizing Legislation

Legislation	Authorized for 1986 and 1987
The Railway Labor Act, as amended.	*

Indefinite.

SALARIES AND EXPENSES

Appropriation History

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appro-priation
1975	3,236,000	3,236,000	3,236,000	3,236,000
1976	3,196,000	3,496,000	3,405,000	3,405,000
1976 TQ	808,000	883,000	850,000	850,000
1977	3,660,000	3,660,000	3,660,000	3,660,000
1978	3,913,000	3,913,000	3,913,000	3,913,000
1979	4,033,000	4,033,000	4,033,000	4,033,000
1980	4,444,000	4,444,000	4,444,000	4,444,000
1981	4,780,000	4,780,000	4,780,000	4,780,000
1982	4,956,000	4,956,000	4,956,000	4,757,760
1983	4,274,000	5,468,000	5,468,000	5,468,000
1984	5,758,000	6,238,000	6,458,000	6,238,000
1985	6,358,000	6,358,000	6,358,000	6,358,000
1986	6,347,000	6,358,000	6,432,000	6,358,000 *
1987	6,540,000			

* Reduced by $273,000 pursuant to PL 99-177.

NATIONAL MEDIATION BOARD

SALARIES AND EXPENSES

Activity 1. Mediatory Services (1986, $3,172,000, FTE 48)
(1987, $3,286,000, FTE 48)

Narrative Description of Program

The National Mediation Board, with three members appointed by the President and confirmed by the Senate and a professional staff of forty-five (45) Civil Service employees, performs two distinct functions under the Railway Labor Act, as amended, 45 U.S.C. 151 et. seq. First, it mediates disputes over wages, hours and working conditions which arise from time to time between the employees and those railroad and airline carriers subject to the Railway Labor Act jurisdiction. Second, the Board administers the procedures to resolve representation disputes involving labor organizations which seek to represent railroad or airline employees. This function includes the investigation of the dispute, conducting a hearing when factual or jurisdictional issues arise, and certifying the results of the employees' choice if a representative is elected.

In connection with the mediation function, a party may either request the services of the Mediation Board, or the Board, of its own volition, may assert jurisdiction over the dispute. In either case, once the Board's services have been invoked the status quo must be maintained and resort to self-help is barred until the procedures mandated by the Act have been exhausted.

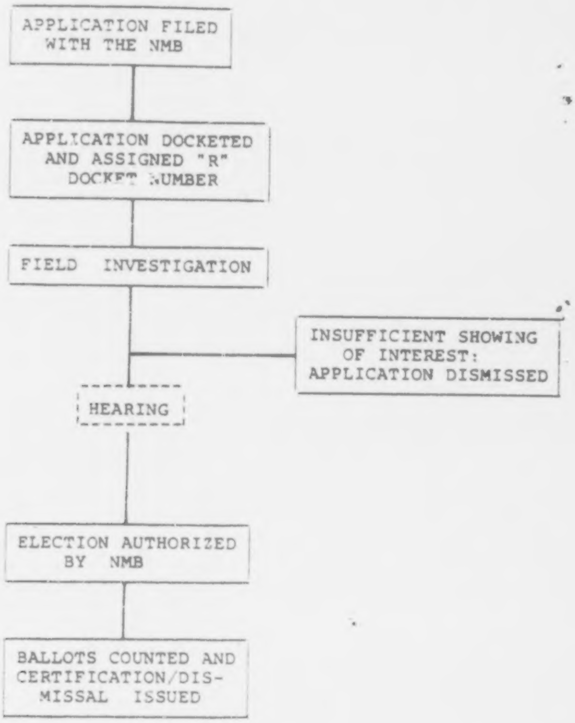
Administrative support of the above-noted principal functions include: (1) overall supervision of office and field personnel; (2) liaison with labor-management representatives and the general public; (3) development of budget data and budget execution; (4) legal advice to Board members and the Justice Department regarding litigation involving the Board; (5) research and record keeping; (6) appointment of referees under section 153 of the Railway Labor Act; and (7) administrative and legal support to the National Railroad Adjustment Board.

Administrative support also fulfills various responsibilities imposed by such corollary statutes as the Rail Passenger Service Act of 1970 (Public Law 91-158) establishing the National Railroad Passenger Corporation (Amtrak); the Regional Rail Reorganization Act of 1973 (Public Law 93-236) establishing the Consolidated Rail Corporation (ConRail); the Railroad Revitalization and Regulatory Reform Act of 1976

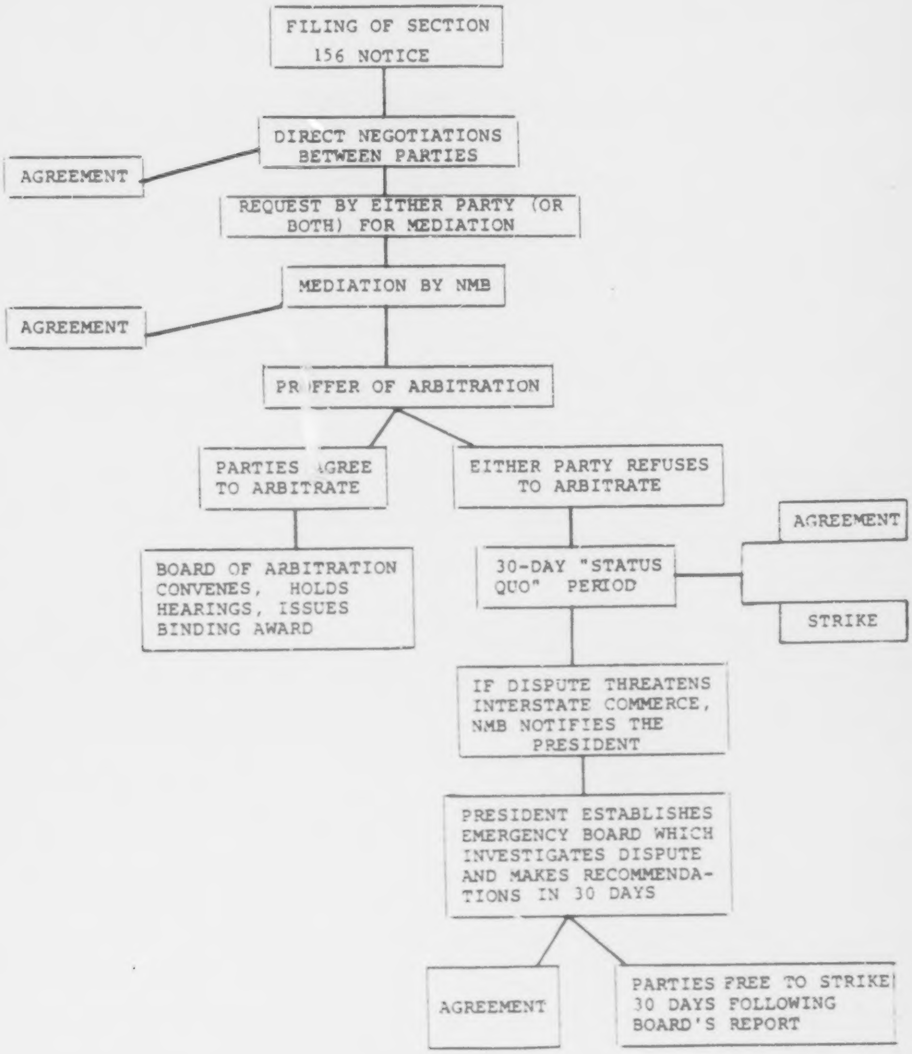
(Public Law 94-210); the Freedom of Information Act (Public Law 93-502); the Government in the Sunshine Act (Public Law 94-409); and the Northeast Rail Service Act of 1981 (Public Law 97-35), as amended.

As an aid to the Board's program description, two schematics outlining the representation procedure and the collective bargaining process under the RLA follow.

REPRESENTATION PROCEDURE UNDER THE RAILWAY LABOR ACT


APPLICATION FILED WITH THE NMB
APPLICATION DOCKETED AND ASSIGNED "R" DOCKET NUMBER
FIELD INVESTIGATION
INSUFFICIENT SHOWING OF INTEREST: APPLICATION DISMISSED
HEARING
ELECTION AUTHORIZED BY NMB
BALLOTS COUNTED AND CERTIFICATION/DISMISSAL ISSUED

COLLECTIVE BARGAINING PROCESS UNDER THE RAILWAY LABOR ACT


FILING OF SECTION 156 NOTICE
DIRECT NEGOTIATIONS BETWEEN PARTIES
AGREEMENT
REQUEST BY EITHER PARTY (OR BOTH) FOR MEDIATION
MEDIATION BY NMB
AGREEMENT
PROFFER OF ARBITRATION
PARTIES AGREE TO ARBITRATE
EITHER PARTY REFUSES TO ARBITRATE
AGREEMENT
BOARD OF ARBITRATION CONVENES, HOLDS HEARINGS, ISSUES BINDING AWARD
30-DAY "STATUS QUO" PERIOD
STRIKE
IF DISPUTE THREATENS INTERSTATE COMMERCE, NMB NOTIFIES THE PRESIDENT
PRESIDENT ESTABLISHES EMERGENCY BOARD WHICH INVESTIGATES DISPUTE AND MAKES RECOMMENDATIONS IN 30 DAYS
AGREEMENT
PARTIES FREE TO STRIKE 30 DAYS FOLLOWING BOARD'S REPORT

During FY 1985, the National Mediation Board resolved 84 mediation cases and 82 representation cases. While the number of representation cases matched the FY 1984 level, the number of closed mediation cases was well below the number resolved last year (146 cases). This decline is attributable to the reluctance on the local rail properties to progress local negotiations pending the outcome of national rail bargaining. A new national rail agreement has been reached with the United Transportation Union. A tentative agreement with the Brotherhood of Locomotive Engineers was reached but failed to ratify and further mediation was called by the Board. With the culmination of new national agreements, the parties will be positioned to move on local matters. However, the parties will be barred from progressing presently docketed cases where the matters raised in these disputes are subject to the moratoria provisions of the new national agreements. In either respect, the signing of new national agreements will positively influence the Board's workload figures.

Despite the decline in case closures the workload of the Board was extremely heavy. For the year, 181 new mediation cases were added to the docket, a 23 percent increase over the number opened during FY 1984. Forty-five of the new cases involved employees in the airline industry. Traditionally, airline disputes are more complex than disputes on the local railroads and require a greater share of the Board's mediation resources. At the close of FY 1985, there was a total of 326 cases unsettled on the mediation docket, compared with 229 cases at the end of FY 1984, an increase of 42 percent. This increased workload was handled by a mediation staff which includes two new mediators hired during the first half of FY 1985. The Board expects to fill its remaining mediator vacancy during FY 1986.

In the view of rail labor and management, the current round of national rail bargaining is critical to the long-term financial health of the railroad industry. The lower costs of the trucking industry, since deregulation, have improved the ability of that industry to compete with the railroads for the intercity freight delivery market. The four-year national contract between the nation's major railroads and the United Transportation Union contain major work rules changes and other significant breakthroughs which will help the railroads become more competitive. Key features of the new contract include: (1) the eventual elimination of 8,000 firemen jobs through attrition; (2) raising the number of miles considered to constitute a basic work day from 100 to 108 over the term of the contracts; (3) eliminating special arbitrary allowances for exchanging engines and freezing other arbitrary payments; (4) relaxing road yard, road switcher and deadheading rules; (5) modifying the final terminal delay rule; (6) offsetting the cost-of-living adjustment by the amount of the general pay increase; and (7) a new-hire pay rate at a lower percentage than under prior contracts.

It is of importance to note that these historic changes were made without resort to a work stoppage. An initial, tentative pact reached with the United Transportation Union was rejected by the firemen, one of the six crafts which must ratify UTU agreements. This rejection led to the creation of a presidential emergency board which among other matters studied the question of the future of fireman jobs in the industry. The emergency board recommended that fireman positions be eliminated through attrition, and this recommendation was accepted in the final agreement voluntarily reached by the parties.

Three strikes commenced during the year, all in the airline industry, and other potential strike situations were defused at the last moment. Two of the strikes involved major airlines -- mechanics against Pan American and pilots against United Air Lines -- the first time that two majors had been on strike during the same year since FY 1976. On another major airline, TWA, considerable uncertainty persisted as questions remained throughout the year as to whether investor Carl Icahn or Texas Air Corporation would assume operational control through the purchase of TWA's corporate stock. By years end it was clear Mr. Icahn would assume control.

The concessionary labor settlement was the norm in the airline industry during FY 1985. The three strikes that occurred were precipitated by carrier demands for concessions, particularly the implementation of a two-tier wage scale. In order to finance planned growth in system operations, the carriers have sought to obtain labor cost savings through bargaining, particularly the adoption of a two-tier wage scale. Under a two-tier pay structure, new employees are paid at a lower rate than current workers for a period of years. Pilot and mechanic bargaining groups effectively resisted previous efforts at obtaining a two-tier arrangement. In FY 1985, however, these labor organizations agreed to the two-tier structure and by the end of the fiscal year all major carriers with the exception of TWA had a two-tier plan in place covering at least certain of their employees.

The three-union strike against Continental Airlines which began in the autumn of 1983 was over by year's end. Labor unions representing the mechanics and flight attendants unilaterally ended their strikes in April 1985. The pilots association continued supporting its strike for an additional six months, when the strike was terminated pursuant to an order of the Federal bankruptcy court overseeing the Continental situation. Continental and the pilots union consented to the bankruptcy judge sitting as an interest arbitrator and permitted him to issue a final and binding decision in the dispute. Settlement terms included a back-to-work procedure for striking pilots, severance pay for pilots who did not wish to return to work, and an end to outstanding litigation.

The post-deregulation period in the airline industry has been marked by three distinctive phases. The first coincided with the end of regulation when the carriers were free to expand their operations over long-desired new routes. The second saw the emergence of the lower cost, nonunion carriers which tended to force the established carriers to reduce their cost structures. This led to a period of concessionary bargaining as the industry sought to effect improvements in productivity and a general lowering of wage rates. The third, one of consolidation and merger, may now be emerging. The United Air Lines' purchase of the Pacific routes of Pan American World Airways, People Express' acquisition of Frontier Airlines, Northwest Airlines' proposed purchase of Republic Airlines, and Texas Air Corporation's unsuccessful efforts to buy Trans World Airlines and Frontier are illustrations.

The United purchase will result in that carrier becoming a major international carrier while solidifying its dominance in the domestic market. Texas Air, on the other hand, if it had been successful in its plan, would have become the second largest domestic carrier and the largest airline on the North Atlantic routes. An investor group headed by Carl Icahn won the right to purchase TWA and Mr. Icahn has recently been installed as chairman of TWA's board of directors. Mr. Icahn's bid had the active support of the Air Line Pilots Association and the International Association of Machinists and Aerospace Workers, which offered substantial wage cuts if Mr. Icahn were successful in obtaining control of TWA. Likewise, Frontier Airlines' labor unions aligned themselves to thwart Texas Air's bid at that carrier by agreeing to wage concessions in exchange for job guarantees.

The substantive role played by these labor organizations in influencing who would purchase TWA and Frontier Airlines is a new and important development in the industry and highlights the significance of labor costs in a takeover situation.

In the representation area, the Board notes that almost one-half of all organizing attempts during FY 1985 involved efforts to oust an incumbent labor union by another organization. This is a much higher proportion than in recent years: In FY 1984, only 20 percent of the cases involved represented employees. In six cases employees selected neither of the competing labor organizations to be their bargaining representative and became unrepresented. Labor organizations were successful in about 40 percent of the cases involving unrepresented employees, a slightly lower rate than last year. The Board expects representation case activity to remain at about this level for FY 1986 and FY 1987.

The Board's involvement with litigation continues to remain at a high level. During FY 1985, the General Counsel's office handled 43 cases, a slight increase over FY 1984, and closed 27 cases, an increase of three over last year. The recent cases predominantly have involved more complex issues and pleadings requiring proportionally greater staff resources per case. A particularly complex series of litigation matters under the Bankruptcy Code has drawn the Board's General Counsel into this specialized field. Other than suits to set aside arbitration awards, the Board's representation responsibilities will again account for the largest category of litigation activity in FY 1985. Given past experience, we expect a similarly high level of litigation in FY 1986 and FY 1987.

Substantial hearing activity should occur in FY 1986 as a result of the filing with the Board during FY 1985 of two requests for rulemaking. The Chamber of Commerce of the United States has filed a petition requesting that the Board add to its Rules and Regulations a decertification procedure. The International Brotherhood of Teamsters has filed a request that the Board amend certain rules regarding representation election procedures. These requests for rulemaking are being given full consideration.

In FY 1986, the Board expects that the current round of national rail bargaining will be concluded, and as in the past, the mediation efforts will be directed to carriers not subject to these pacts. Three major rail passenger carriers, which came under the Board's jurisdiction following their assumption of CONRAIL's rail commuter service in January 1983, will be negotiating new labor pacts in FY 1986. These carriers, Metro-North Railroad (New York), Southeastern Pennsylvania Transportation Authority, and New Jersey Transit Rail Operations, Inc., have not previously negotiated under the Railway Labor Act. The Long Island Rail Road and Port Authority Trans-Hudson (PATH) are also currently involved in negotiations with their labor organizations. Any emergency disputes that arise on these commuter carriers will be subject to Section 159A emergency board procedures.

A review of the airline industry collective bargaining calendar for FY 1986 shows that in terms of anticipated contract amendments, FY 1986 will not be as heavy a bargaining year as FY 1985. However, this view of bargaining in the industry is incomplete. Over the past five years, mid-term modifications in agreements have become common throughout the industry. These types of situations which influence the Board's workload cannot be anticipated. Negotiations are continuing on several major carriers including TWA and Eastern Airlines; Northwest Airlines and American Airlines will commence bargaining later in the year. While FY 1984 and FY 1985 were financially successful years for the airline industry as a whole, a number of large carriers are in financial distress. The importance of reaching new labor agreements which address these problems will create an atmosphere where the Board's role is heightened.

In FY 1987, the Board expects that an increased share of its workload will be devoted to handling labor disputes on short-line railroads. This sector of the railroad industry is growing annually. Since 1973, over 100 new shortlines have come into existence, bringing the total number of shortlines currently operating to about 370. There are approximately 10,000 persons employed on these railroads, about one-third of whom are organized for collective bargaining purposes.

FY 1987 will be a heavy bargaining year in the airline industry. New contracts will be amendable on virtually all of the major airlines. Mechanics agreements are open at United Air Lines, Western Airlines, and USAir; flight attendant agreements at American Airlines, Western Airlines, Northwest Airlines, Piedmont Airlines, and Republic Airlines; and pilot agreements at Piedmont Airlines, Republic Airlines and Pan American World Airways. In total, agreements covering approximately 60 crafts or classes on the various airlines are amendable during FY 1987.

The following tables provide the actual mediation and representation caseload for FY 1985 and estimated caseloads for FY 1986 and FY 1987.

	1985 Actual	1986 Estimate	1987 Estimate
Mediation cases:			
Pending, start of year......	229	326	266
Received during year........	181	160	165
Closed during year..........	84	220	190
Pending, end of year........	326	266	241
Representation cases:			
Pending, start of year......	21	18	33
Received during year........	79	90	95
Closed during year..........	82	75	80
Pending, end of year........	18	33	48
FOIA requests received......	101	120	120
Investigation cases closed..	12	14	15

ANALYSIS OF TRAVEL

Under the RLA, the National Mediation Board maintains its office in the District of Columbia. All operations are directed from Washington, D.C. No field offices are maintained resulting in a considerable saving to the Government. Field mediators travel throughout the country to meet the needs of the Board in providing services to its constituents as mandated by the Railway Labor Act. The ability to travel is crucial to the mission of this agency.

For FY 1987, the Board is requesting $266,000. The amount estimated for FY 1986 is $235,000.

The following table reflects actual travel days for fiscal years 1984 and 1985, and estimates for 1986 and 1987.

Year	Total Travel Days	Cost per Travel Day	Total *	Number of Travelers	Travel Days per Traveler
1984	1,420	163.38	232,000	28	51
1985	1,343	153.30	206,000	28	48
1986	1,468	160.00	235,000	28	52
1987	1,565	170.00	266,000	28	56

* Also includes administrative travel cost and travel incurred in assisting emergency board members.

Revised Changes for 1987

Mandatory changes amount to......	$ 60,000
Program changes amount to........	$ 54,000
FTE	...

Program: Changes will provide increased travel and other support costs to meet the FY 1987 level of activity, and will finance additional ADP equipment.

SALARIES AND EXPENSES

Obligations by Object
(in thousands of dollars)

Activity 1: Mediatory Services	1986 Est.	1986 Revised	1987 Est.	Change 1986/ 1987
Total number of permanent FTE	48	48	48	...
Personnel compensation:				
11.1 Permanent positions......	2,110	2,110	2,143	33
11.5 Other personnel compensation............	10	10	10	...
11.8 Special personal services payments.......	...	...	...	...
Total personnel compensation............	2,120	2,120	2,153	33
12.1 Personnel benefits: civilian................	236	236	240	4
21.0 Travel and transportation of persons..............	255	235	266	31
23.1 Standard level user charges.................	290	290	248	-42
23.2 Communications, utilities, and other rent..........	134	129	140	11
23.3 Rental payment to others.	...	8	10	2
24.0 Printing and reproduction	30	30	31	1
25.0 Other services...........	90	69	112	43
26.0 Supplies and materials...	35	35	36	1
31.0 Equipment................	20	20	50	30
99.0 Total obligations........	3,210	3,172	3,286	114

NATIONAL MEDIATION BOARD

SALARIES AND EXPENSES

Activity 2. Voluntary Arbitration and Emergency Disputes.

(1986, $559,000)
(1987, $584,000)

Narrative Description of Program

Under the terms of section 160 of the Railway Labor Act, if a dispute between a carrier and a labor organization threatens to interrupt interstate commerce, the President may create an emergency board to investigate and report to him on the dispute within 30 days. These boards serve a major purpose in focusing attention on issues involved in contract disputes which could seriously disrupt the economy of the nation. The parties are allowed adequate time to consider the emergency board's report and resolve their differences based upon the objective recommendations of the impartial board.

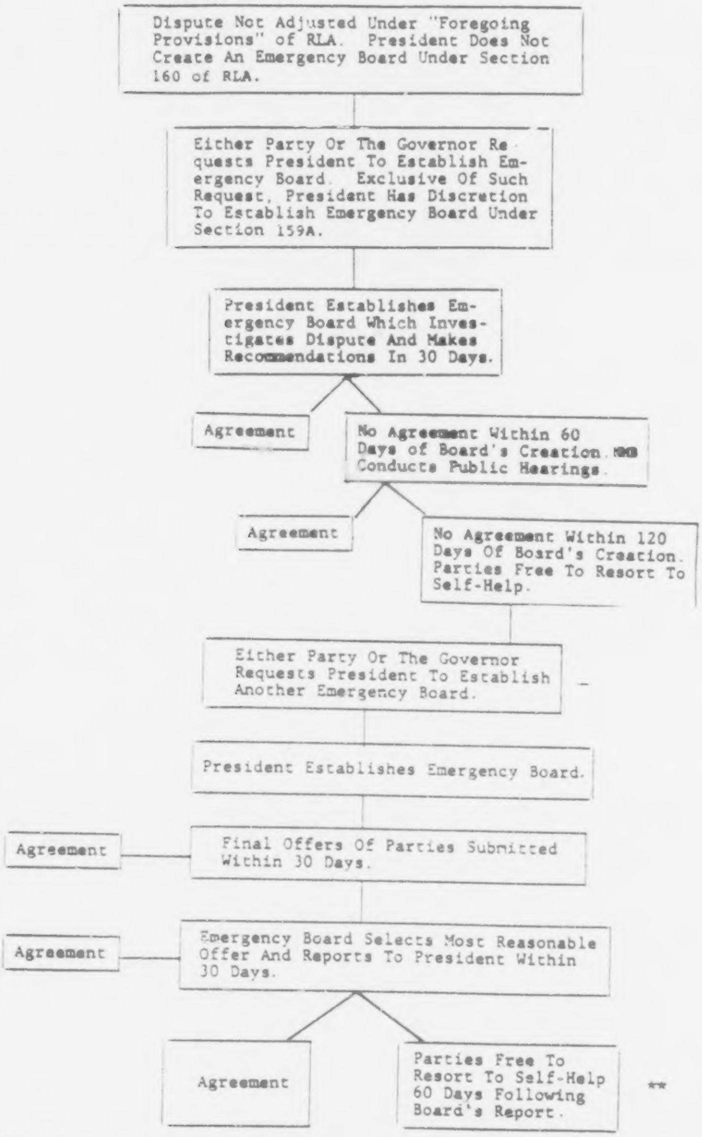
The compensation of emergency board members is fixed by the President with a maximum rate specified by law. An emergency board may be composed of such number of persons as the President designates.

Section 155, Third (a) of the Railway Labor Act provides that when mediation of a major dispute is unsuccessful, the Board shall endeavor to induce the parties to submit their controversy to arbitration under the provisions of section 157 of the Act. The railroad industry has repeatedly utilized arbitration boards to decide certain types of dispute issues which could otherwise result in interruptions to interstate commerce.

Generally, arbitration boards consist of three members, a representative of the carrier and of the organization, and a third neutral member. The compensation of the neutral member is fixed by the Mediation Board. The duration of an arbitration board may be more than one year.

The Northeast Rail Service Act of 1981 amended the Railway Labor Act by adding section 159A which provides a new emergency dispute procedure for publicly funded and operated commuter carriers and their employees. If a dispute is not resolved under the mediation and arbitration sections of the RLA, any party to the dispute, or the Governor of the State, may request the President to establish an emergency board. The President is required to establish an emergency board upon such request. If no settlement is reached within 60 days following the creation of this board, the National Mediation Board is required to conduct a public hearing on the dispute. Should there still be no settlement 120 days after the creation of the emergency board, any party may request the establishment of a second emergency board. Under this section, a status quo period could be in effect for up to 240 days from the time when the first emergency board was created. A schematic describing the Section 159A procedure follows.

PROCESS UNDER SECTION 159A OF RAILWAY LABOR ACT


Dispute Not Adjusted Under "Foregoing Provisions" of RLA. President Does Not Create An Emergency Board Under Section 160 of RLA.
Either Party Or The Governor Requests President To Establish Emergency Board. Exclusive Of Such Request, President Has Discretion To Establish Emergency Board Under Section 159A.
President Establishes Emergency Board Which Investigates Dispute And Makes Recommendations In 30 Days.
Agreement
No Agreement Within 60 Days of Board's Creation. NMB Conducts Public Hearings.
Agreement
No Agreement Within 120 Days Of Board's Creation. Parties Free To Resort To Self-Help.
Either Party Or The Governor Requests President To Establish Another Emergency Board.
President Establishes Emergency Board.
Agreement
Final Offers Of Parties Submitted Within 30 Days.
Agreement
Emergency Board Selects Most Reasonable Offer And Reports To President Within 30 Days.
Agreement
Parties Free To Resort To Self-Help 60 Days Following Board's Report.
**

** If emergency board selects carrier's final offer and employees strike, employees ineligible for railroad unemployment benefits during period of strike. If emergency board selects employees' final offer, which carrier refuses to accept, carrier ineligible for strike benefits from any agreement between carriers should employees strike.

In FY 1985, three emergency boards were created under section 159A and one under section 160 of the RLA. The total amount obligated for the emergency boards is $55,000. Of the three emergency boards under 159A, two were created to resolve disputes arising on The Long Island Rail Road, and one on the Port Authority Trans-Hudson Corporation. The first emergency boards created pursuant to section 159A of the Railway Labor Act were established during FY 1983. Section 159A was added to the RLA under the terms of the Northeast Rail Service Act of 1981, and may be applied only to disputes involving publicly funded and operated commuter carriers, which include The Long Island Rail Road, the Port Authority Trans-Hudson Corp., the Southeastern Pennsylvania Transportation Authority (SEPTA), the Delaware Transportation Authority, the New Jersey Transit Rail Operations, Inc. (NJTRO) and, the New York Metropolitan Transportation Authority (Metro-North).

Ten arbitration boards were created during FY 1985. The amount of $30,000 was obligated for the arbitration boards that convened.

One of the arbitration boards that convened is Arbitration Board No. 419, established pursuant to the 1982 national rail agreement between the United Transportation Union and the National Railway Labor Conference. This arbitration board functions to resolve disputes arising over the elimination of cabooses. Various neutrals appointed to this board have issued awards covering the elimination of cabooses on eleven major carriers.

The arbitration of the continued use of cabooses, as described in Article X of the United Transportation Union's national agreement, is an on-going national program. The Board anticipates that virtually all major railroads in the United States will seek to avail themselves of this program. As a result, the Board recognizes that funding for the program will be needed throughout the foreseeable future.

In accordance with the Congressional understanding, the unobligated balance of $501,000 in this contingency fund for FY 1985, which is limited to arbitration boards, emergency boards and factfinding panels, has been returned to the U.S. Treasury.

In FY 1986, the Mediation Board cannot precisely predict the number of emergency boards that may be created during any given year. Such a prediction is contingent in part upon the national economy which impacts bargaining in the two industries.

Arbitration boards continue to be used by the parties as a means of resolving major disputes which otherwise might disrupt interstate commerce. Based on past experience the Board estimates that 15 boards will be created during FY 1986.

Factfinding panels composed of public members appointed by the Board may be set up to recommend changes in operating practices and procedures to improve productivity to the greatest extent practicable on ConRail. The authority for these factfinding panels is the Northeast Rail Service Act of 1981.

The amount of $559,000 is available during FY 1986 for emergency boards, arbitration boards and factfinding panels. Unused funds will be returned to the U.S. Treasury.

In FY 1987, the estimates for both emergency boards and arbitration boards are based on past experience. The Board is requesting a contingency fund of $584,000 to cover the expenses of these boards and the factfinding panels. Unused funds will be returned to the U.S. Treasury.

	Number of Boards Created		
	1985 Actual	1986 Estimate	1987 Estimate
Arbitration Boards..........	10	15	15
Factfinding Panels..........	0	2	2
Emergency (sec. 160)........	1	2	1
Emergency (sec. 159A).......	3	5	5

Changes for 1987

Mandatory changes amount to.....	$ ...
Program changes amount to.......	25,000

Program: Changes will assure sufficient travel and other support costs to meet potential FY 1987 activity level.

SALARIES AND EXPENSES

Obligations by Object
(in thousands of dollars)

Activity 2: Voluntary Arbitration and Emergency Boards	1986 Est.	1986 Revised	1987 Est.	Change 1986/ 1987
Total number of permanent FTE	...	...	...	...
Personnel compensation:				
11.8 Special personal services payments.......	380	380	380	...
Total personnel compensation............	380	380	380	...
12.1 Personnel benefits: civilian................	24	24	24	...
21.0 Travel and transportation of persons..............	100	90	100	10
23.2 Communications, utilities, and other rent..........	10	10	10	...
24.0 Printing and reproduction	15	15	15	...
25.0 Other services...........	55	40	55	15
99.0 Total obligations........	584	559	584	25

NATIONAL MEDIATION BOARD

SALARIES AND EXPENSES

Activity 3. Adjustment of Railroad Grievances: Referee Costs

(1986, $1,910,000, 26 Independent contractor work-years)
(1987, $2,203,000, 35 Independent contractor work-years)

Narrative Description of Program

Under the 1934 amendment to the Railway Labor Act, the National Railroad Adjustment Board was created to hear and decide disputes involving railroad employee grievances and questions concerning the application and interpretation of rules.

The Adjustment Board is composed of four divisions in which the carriers and organizations representing the employees are equally represented. The jurisdiction of each division is described in section 153, First (h) of the Act.

The First Division has jurisdiction over disputes involving train and yard service employees; the Second Division, shop crafts; the Third Division, clerical, maintenance-of-way, signal and dispatcher forces; and the Fourth Division, water transportation and miscellaneous classifications. The members of the Board, who sit in Chicago, are selected and assigned by the carriers and by the labor organizations whom they represent. The Board considers disputes referred to it and endeavors to reach agreements to adjust them. In the event of a deadlock, a neutral person is selected to sit with the members to dispose of the dispute. The referees decide approximately 99 percent of the cases closed by the NRAB.

The National Railroad Adjustment Board adjusts approximately 20 percent of all disputes arising between an employee or group of employees and a carrier or carriers, growing out of grievances involving the interpretation or application of agreements concerning rates of pay, rules, or working conditions. The remainder are handled by other adjustment boards as noted below.

A Special Board of Adjustment (SBA) is a tribunal set up by agreement, usually on an individual railroad, and with a single labor organization, to consider and decide specifically agreed-to dockets of disputes arising out of grievances or out of the interpretation or application of provisions of a collective bargaining agreement. Such disputes otherwise would be sent to the National Railroad Adjustment Board for adjudication as provided by section 153 of the Railway Labor Act, but in these instances, the parties, by agreement, adopt the special board procedure in order to secure prompt and local disposition of these disputes. The SBA had its inception in the late 1940's.

In an effort to reduce the caseload of various divisions of the National Railroad Adjustment Board (NRAB) an amendment to the RLA in 1966 allowed the creation of Public Law Boards (PLB). In general the amendment authorizes the establishment of these boards locally on individual railroads upon the written request of either a representative of the employees or of the railroad to resolve disputes otherwise referrable to the NRAB and disputes pending before the Board for 12 months. The amendment provides that all awards of the NRAB and other boards of adjustment established pursuant to the amendments are final, including money awards. There is limited judicial review. Neutral members of such boards are appointed and compensated by the National Mediation Board. Evidence indicates there will be no decrease in requests for boards to dispose of railroad grievances.

The employee protection provisions of the Northeast Rail Service Act of 1981 have increased the caseload of the Public Law Boards. Under the Act, the Mediation Board pays for neutrals to resolve disputes arising from the negotiation of implementing agreements that affect the transfer of CONRAIL employees to commuter authorities and other railroads. The costs associated with carrying out these provisions during FY 1987 are included in the adjustment boards' budget request.

The National Mediation Board has adopted rules and regulations defining responsibilities and prescribing related procedures under the amendment for the establishment of special boards of adjustment, their designation as public law boards, the filing of agreements and the disposition of records.

In addition to neutrals appointed to public law boards to dispose of disputes involving grievances, interpretations, or application of collective bargaining agreements, neutrals may be appointed to dispose of procedural issues which arise as to the establishment of the public law board itself.

In the airline industry, which also comes under the RLA, grievance disputes are settled by system boards of adjustment the cost of which is paid by the airlines and unions.

During October 1985, the National Mediation Board cosponsored a unique conference on "Grievance Handling and Labor Arbitration in the Railroad Industry". It was the first time such a conference had ever been held covering all aspects of grievance handling in the railroads. The 40 speakers during the three-day meeting included high level officials from both the railroads and rail unions, practitioners and neutrals with extensive experience in the industry, and government agency officials. The participants agreed that certain changes should be made in grievance handling. While no concrete suggestions were made to reform the present system, both management and labor agreed to form a bipartisan committee to review suggestions made during the conference and recommend changes.

Two areas of concern were presented by the parties: the duty of fair representation and internal methods of grievance handling. In the case of fair representation, it was agreed that the present situation causes unions to refuse to settle cases which might otherwise be settled, thereby increasing the number of cases in the system and causing delays in the disposition of all cases.

In the matter of grievance handling methods, some officials explained that they were instituting new programs whereby cases were decided at a lower level of management.

The Board believes that the newly formed labor-management committee will produce substantive changes beneficial to the industry. The Board will continue to address the issue in the immediate future, and plans to monitor the committee's activities to assist in achieving this goal.

The FY 1987 budget request of $2,203,000 for the adjustment of railroad grievances envisions full funding for the entire year. An analysis of resources follows.

Analysis of Referee Resources
PLB/SBA/NRAB

	Estimates:	Salaries		Travel	
	Total $	$	Days	$	Days
FY 1984	2,181,000	1,919,000	8,724	262,000	782
FY 1985	2,352,000	2,125,000	9,659	227,000	678
FY 1986	1,910,000	1,710,000	7,772	200,000	600
FY 1987	2,203,000	1,990,000	9,045	213,000	620

Statements follow as to the three tribunals' workload through 1987. It should be noted that the Mediation Board has no control over the number of cases submitted or resolved.

In FY 1985, 222 new public law boards were established and 302 were convened. In addition, 13 special boards of adjustment were established and 35 were convened. In total, the above noted boards closed 7,218 cases in 7,459 work-days.

The Adjustment Board closed 1,390 cases in 2,200 work-days, 305 more than the 1,085 it received during the period. It should be noted that referee services were uninterrupted due to transfer of $360,000 from the mediation activity.

In FY 1986, it is anticipated that the number of cases closed by PLBs and SBAs will increase to 7,775. The Adjustment Board anticipates that it will receive 1,520 new cases and that 1,420 cases will be closed. While work will continue for the entire year, due to increased demands for referee days the Mediation Board is limiting the amount of days referees may work each month to insure there will be no shutdown in FY 1986. Notwithstanding the decrease in available work days in FY 1986, the Mediation Board is making a concerted effort to persuade the parties to group cases into issues, which is expected to increase the number of cases disposed of.

In FY 1987, the number of cases closed by PLBs and SBAs is expected to increase to 8,800. The Adjustment Board anticipates that 1,261 cases will be received and that 1,555 cases will be closed.

WORKLOAD ACCOMPLISHMENTS

Public Law Boards	1985 Actual	1986 Estimate	1987 Estimate
Cases pending start of year..	16,759	16,756	15,256
Cases received during year...	6,391	5,000	4,200
Cases closed during year 1/..	6,394	6,500	7,300
Cases pending end of year....	16,756	15,256	12,156

Special Boards of Adjustment	1985 Actual	1986 Estimate	1987 Estimate
Cases pending start of year..	3,264	3,378	3,303
Cases received during year...	938	1,200	1,200
Cases closed during year 2/..	824	1,275	1,500
Cases pending end of year....	3,378	3,303	3,003

NRAB	1985 Actual	1986 Estimate	1987 Estimate
Cases pending start of year..	2,036	1,731	1,831
Cases received during year...	1,085	1,520	1,261
Cases closed during year 3/..	1,390	1,420	1,555
Cases pending end of year....	1,731	1,831	1,537

Number of boards convened	1985 Actual	1986 Estimate	1987 Estimate
Special boards of adjustment.	35	40	40
Public law boards............	302	310	310

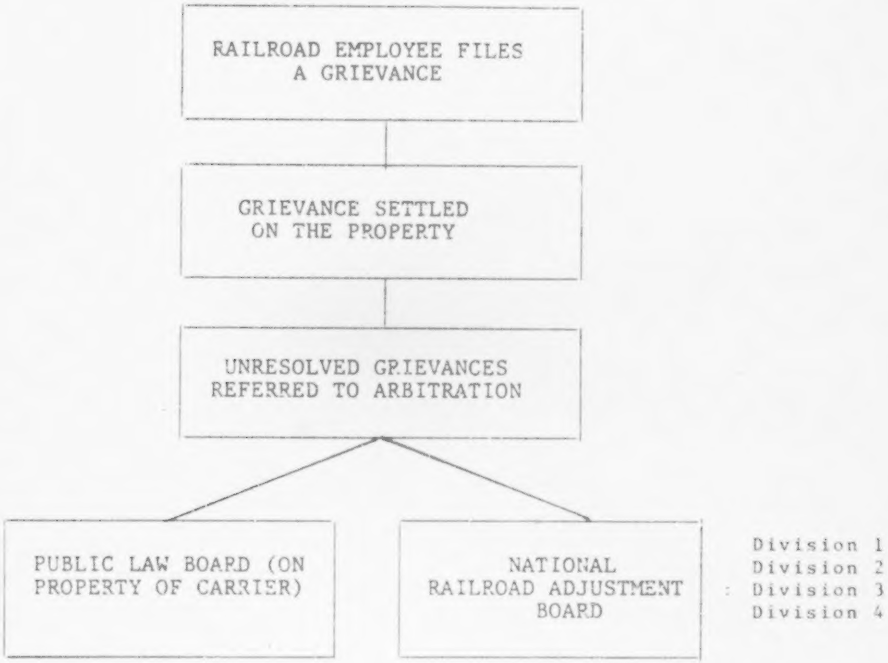
1/ Includes 1,517 cases withdrawn.

2/ Includes 151 cases withdrawn.

3/ Includes 1,264 awards by referees, 1 award by NRAB members, and 125 cases withdrawn.

A schematic outlining the grievance machinery process follows.

GRIEVANCE MACHINERY FOR RAILROADS UNDER THE RAILWAY LABOR ACT


RAILROAD EMPLOYEE FILES A GRIEVANCE
GRIEVANCE SETTLED ON THE PROPERTY
UNRESOLVED GRIEVANCES REFERRED TO ARBITRATION
PUBLIC LAW BOARD (ON PROPERTY OF CARRIER)
NATIONAL RAILROAD ADJUSTMENT BOARD
Division 1
Division 2
Division 3
Division 4

NATIONAL MEDIATION BOARD

NATIONAL RAILROAD ADJUSTMENT BOARD

SALARIES AND EXPENSES

Activity 3. Adjustment of Railroad Grievances:
Administrative Costs

(1986, $444,000, FTE 10)
(1987, $467,000, FTE 10)

This request covers all administrative expenses attendant to the adjustment of minor grievances in the railroad industry under Section 153 of the Railway Labor Act.

The number of employees requested for the administrative office and executive secretary area for fiscal year 1987 is ten (10), the same as projected for FY 1986. Five employees are required to conduct the day-to-day operation of the four divisions of the National Railroad Adjustment Board. The rest of the employees, five, are involved with the administration of all three tribunals under Section 153 of the Railway Labor Act, i.e., Public Law Boards, Special Boards of Adjustment and the National Railroad Adjustment Board. The administrative expenses of Section 153 have been significantly lowered over the past several years. As recently as fiscal year 1983, the support costs for Section 153 totaled $594,000 versus the FY 1987 request of $467,000.

Administrative workload has increased over the last few years due to the employee protection provisions of the Northeast Rail Service Act of 1981, which requires that the National Mediation Board pay neutrals to resolve disputes arising from the negotiation of implementing agreements that affect the transfer of CONRAIL employees to commuter authorities and other railroads as well as the provisions of Sections 703 and 704 of the Regional Rail Reorganization Act, as amended, which provide for pursuing disputes under Section 153 of the Railway Labor Act after a determination by the Railroad Retirement Board of a possible violation.

Changes for 1987

Mandatory changes amount to........$	16,000
Program changes amount to..........$	300,000

Program: Changes will increase the number of referee days and associated support costs to increase the number of cases decided.

SALARIES AND EXPENSES

Obligations by Object
(in thousands of dollars)

Activity 3: Adjustment of Railroad Grievances	1986 Est.	1986 Revised	1987 Est.	Change 1986/ 1987
Total number of permanent FTE	10	10	10	...
Personnel compensation:				
11.1 Permanent positions......	251	251	256	5
11.5 Other personnel compensation............	...	...	...	...
11.8 Special personal services payments.......	1,913	1,710	1,990	280
Total personnel compensation............	2,164	1,961	2,246	285
12.1 Personnel benefits: civilian................	28	28	29	1
21.0 Travel and transportation of persons.............	215	208	223	15
23.1 Standard level user charges.................	63	63	70	7
23.2 Communications, utilities, and other rent..........	77	77	80	3
24.0 Printing and reproduction	...	...	...	...
25.0 Other services...........	8	8	8	...
26.0 Supplies and materials...	9	9	9	...
31.0 Equipment................	...	...	5	5
99.0 Total obligations........	2,564	2,354	2,670	316

NATIONAL MEDIATION BOARD

Obligations for Information Technology Systems

The National Mediation Board advanced its automation efforts in three areas during FY 1985: railroad grievances, personnel, and telecommunications.

Railroad Grievances: Considerable emphasis has been placed upon automating the tracking of grievance cases. The Grievance Tracking System (GTS) tracks all significant data pertinent to the NMB's involvement in processing a case from the time notice of a case is received until an award is issued or the case is otherwise disposed. The GTS will enhance the ability of the Staff Director/Grievances to determine bottlenecks in case-processing and facilitate efforts to produce various caseload and referee-assignment reports required by the four divisions of the NRAB.

Personnel: The Board adapted another Federal agency's personnel system to operate on the NMB's ADP equipment. The resulting NMB Personnel System (NPS) conforms to the personnel data standards of OPM. For security purposes, the NPS consists of separate data-entry and data-reporting systems. The NPS provides the NMB with 20 pre-programmed personnel reports in 35 different formats.

Telecommunications: The NMB has improved the status of communications in several areas. To explore avenues of enhancing field support and communications to the Board's mediators, a test project using four (4) small "briefcase" computers has been initiated. The feasibility of using these computers to process casework, access case and assignment data on the Board's main computer, and to communicate is being tested on a small scale.

To enhance mediator communications with the Board, the NMB has subscribed to the GTE Telemessager system after a 45-day trial. The Board finds this voice-based messaging system productive.

In Chicago, the NMB implemented its text-based (telex) Easycomm system on an existing machine. Easycomm not only gives the NRAB easy access to Western Union services but also provides offline storage and printing capability. Also, procedures were established for direct Chicago-DC communications via existing equipment.

FY 1986 and 1987: Work will continue in order to expand the number of pre-programmed output reports available in the Referee Activity System (RAS) and the Grievance Tracking

System (GTS). The GTS reporting system will include a comprehensive docket register and referee calendar. It is expected that both these reporting systems will be completed by the end of FY 1986.

Other projects on the agenda that are geared to support the activities of the Board's mediators are: inventory of labor agreements, contract key items, contract labor rates, and contract status.

Justification for Major-Systems Initiatives: None of the Board's new initiatives are major systems as defined in OMB Bulletin 85-12.

Total Cost: The cost of operating the automated information systems (AIS), both new and existing, is estimated to be $297,000 in FY 1986 and $372,000 in FY 1987.

Part of the total obligations for technology systems is the cost of the required constant communication maintained between headquarters and the Board's officials who travel throughout the 50 states and territories.

NATIONAL MEDIATION BOARD
OBLIGATIONS FOR INFORMATION TECHNOLOGY SYSTEMS
(in thousands of dollars)

	1985 Actual	1986 Estimate	1987 Estimate
1. Capital Investments ($000)			
A. Purchase of hardware....	24	15	45
B. Purchase of software or other equipment........	12	8	14
C. Site....................	3	2	15
Subtotal...........	39	25	74
2. Personnel			
A. Compensation, benefits and travel ($000)......	81	81	84
B. Workyears..............	(2)	(2)	(2)
Subtotal...........	81	81	84
3. Equipment Rental, Space & Other Operating Costs ($000)			
A. Lease of equipment......	1	1	1
B. Space..................	13	17	15
C. Supplies and other......	8	10	10
Subtotal...........	22	28	26
4. Commercial Services ($000)			
A. ADP time................	0	0	0
B. Leased telecommunications services.........	23	36	40
C. Operations and maintenance................	43	43	50
D. Systems analysis and programming............	0	0	0
E. System design and engineering............	0	0	0
F. Studies and other.......	1	0	0
Subtotal...........	67	79	90
5. Interagency Services ($000)			
A. Payments................	56	84	98
B. Offsetting collections..	0	0	0
Subtotal...........	56	84	98
6. Intra-agency Services ($000)			
A. Payments................	--	--	--
B. Offsetting collections..	--	--	--
Subtotal...........	--	--	--

	1985 Actual	1986 Estimate	1987 Estimate
7. Other Services ($000)			
A. Payments................	--	--	--
B. Offsetting collections..	--	--	--
Subtotal...........	--	--	--
TOTALS			
Total obligations...........	265	297	372
Workyears...................	(2)	(2)	(2)

MONDAY, APRIL 21, 1986.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

WITNESSES

E. ROSS BUCKLEY, CHAIRMAN
PAUL M. LYONS, EXECUTIVE DIRECTOR
EARL R. OHMAN, GENERAL COUNSEL
PAUL A. TENNEY, CHIEF ADMINISTRATIVE LAW JUDGE
LARRY A. HOSS, DIRECTOR, OFFICE OF ADMINISTRATIVE SERVICES
RAY H. DARLING, EXECUTIVE SECRETARY
JOHN R. WALL, COMMISSIONER
ROBERT E. RADER, JR., COMMISSIONER

Mr. NATCHER. At this time, we take up the budget request for fiscal year 1987 for the Occupational Safety and Health Review Commission. We have before the committee Mr. E. Ross Buckley, the Chairman.

It is a pleasure to have you back before the committee, and before you give us your statement, tell us who you have with you at the table there.

Mr. BUCKLEY. Thank you, Mr. Chairman.

At the table, I have, on my right, Chief Judge Paul Tenney; and on my left, the Director of the Office of Administrative Services, Larry Hoss. Also, I have with me our Executive Secretary, Ray Darling; General Counsel, Earl Ohman; Executive Director Paul Lyons; and I would also like to introduce to the committee our two new Commissioners, Commissioner John Wall of Ohio, and Commissioner Bob Rader of Texas.

Mr. NATCHER. Why don't you two Commissioners come up to the table, gentlemen?

Mr. BUCKLEY. Mr. Chairman, I will offer my prepared statement and go immediately to questions you or members of the staff might have.

[The biography and statement of Mr. Buckley follow:]

THE HONORABLE E. ROSS BUCKLEY

CHAIRMAN OF THE OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

The Occupational Safety and Health Review Commission (OSHRC), an Independent quasi-judicial agency of the United States, was established pursuant to the Occupational Safety and Health Act of 1970 to adjudicate contests initiated by employers and/or employee organizations challenging enforcement actions of the Secretary of Labor (OSHA).

Mr. Buckley, current Chairman of the Review Commission, was born in New York City, educated in Mexico, Texas and Louisiana, earning a Law Degree from Tulane University in 1949. Following 14 years of service as a corporate attorney, he taught elementary and secondary school for five years, and entered federal service as an Attorney Advisor at the Department of Justice from 1969 until April 1982, when he was named General Counsel to the Occupational Safety and Health Review Commission.

Due to a vacancy on the Commission during 1983, Mr. Buckley was made a Presidential recess appointment Commissioner on January 4, 1984, and confirmed in that position on March 30, 1984. He was designated by the President as Commision Chairman on August 9, 1984.

As Chairman, Mr. Buckley is responsible for the administration of the Commission and serves as a member of the three person Commission.

STATEMENT OF THE HONORABLE E. ROSS BUCKLEY, CHAIRMAN
OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

Mr. Chairman, I appreciate the opportunity to present for your consideration the Fiscal Year 1987 appropriation request in the amount of $5,750,000 for the Occupational Safety and Health Review Commission. This request represents an increase of $103,000 and the same level of staffing from the resource levels approved by the Congress for Fiscal Year 1986. Current expectations are that the Commission will receive an estimated 1,534 new cases in Fiscal Year 1986 and 1,640 new cases in Fiscal Year 1987.

At the beginning of Fiscal Year 1985, the Administrative Law Judges had an inventory of 620 cases. By the end of that year, there were 651 cases. The Commission Members had 110 cases at the beginning of Fiscal Year 1985 and 96 at the end of Fiscal Year 1985. Now that we have a full Commission, our goal is to reduce the case inventory during Fiscal Years 1986 and 1987 to a level that will allow a Commission decision to be issued within a time frame of four to six months after a case has been directed for review.

The budget for Fiscal Year 1987 shows a spread of less than 150 cases between the actual number of cases received for adjudication in Fiscal Year 1985 and the projections for Fiscal Year 1986 and Fiscal Year 1987. In other words, quantitatively the anticipated workload of the Commission is expected to remain relatively stable. Qualitatively, the estimates for Fiscal Year 1987 reflect some consideration of OSHA rulemaking and enforcement pronouncements. These include a special inspection program in the chemical industry in order to prevent Bhopal-type accidents; some impact from current rulemaking considering possible expansion of the hazard communications standard beyond manufacturing; and possible modifications of standards concerning asbestos, ethylene dibromide (EDB), and access to employee medical records.

This concludes my statement. With me today are members of my staff, to answer any questions that you may have.

Mr. **Natcher**. Thank you, Mr. Buckley.

You presently have three Commissioners serving?

Mr. **Buckley**. Yes.

NEW COMMISSIONERS

Mr. **Natcher**. Provide a biographical sketch of the two newest Commissioners. We will place that in the record at this point.

[The information follows:]

JOHN R. WALL

John R. Wall became a member of the Occupational Safety and Health Review Commission (OSHRC) on August 9, 1985 after a recess appointment by President Ronald Reagan. He was confirmed by the full Senate on March 24, 1986 to a term expiring on April 27, 1987.

Mr. Wall was born in Lynchburg, Virginia and earned his bachelor's degree in economics and his law degree at Georgetown University in Washington, D.C. He served in several executive positions with Republic Steel Corporation in Cleveland, Ohio from 1952 until he retired in 1982 as Vice President for Personnel. Among the other posts he held for Republic Steel were Assistant General Traffic Manager, General Traffic Manager and Director of Personnel. Prior to joining Republic Steel he was Assistant General Counsel for the Baltimore and Ohio Railroad in Baltimore, Maryland. He also practiced law with the firm of Cleary, Gottlieb, Friendly & Cox in Washington, D.C. from 1942 to 1946.

Mr. Wall has served as a Director of the Chamber of Commerce of the United States and has represented the U.S. at several international labor forums. Married to the former Edythe Finneran of New Jersey, he is the father of two daughters.

ROBERT E. RADER, JR.

Robert E. Rader, Jr. was appointed to the Occupational Safety and Health Review Commission (OSHRC) on August 9, 1985 by President Ronald Reagan.

Mr. Rader received a recess appointment to the OSHRC and is awaiting confirmation by the Senate.

Mr. Rader has been partner since 1979 in the Ennis, Texas law firm of McCarty, Wilson, Rader & Mash before joining the OSHRC. While there, he specialized in job safety and health cases and employment discrimination law. He is a former General Counsel of Gibson's Discount Centers, Inc., a multi-state conglomerate that operates and franchises, among other developments, retail department stores, real estate holdings and shopping centers. Mr. Rader was also an associate with the Dallas, Texas law firm of Storey, Armstrong & Steger.

Born in Cleveland, Ohio, Mr. Rader received his degree in history and political science at Harding College in Searcy, Arkansas and his law degree at Southern Methodist University. He is married to the former June Cooley of Indiana and is the father of two sons and a daughter.

Mr. **Natcher**. Have the two new Commissioners been confirmed by the Senate?

Mr. **Buckley**. Commissioner Wall has been confirmed by the Senate. Commissioner Rader is serving in a recess appointment. The confirmation has not been concluded.

GRAMM-RUDMAN

Mr. **Natcher**. What actions have you taken to absorb the Gramm-Rudman reduction of $254,000 in 1986?

Mr. **Buckley**. We accomplished that by not filling existing vacancies with the Commission, as well as cutting a little bit in terms of travel, transportation and printing, other such matters as that.

We were able to successfully accomplish that procedure and will be able to meet that Gramm-Rudman figure.

DECISION TIMETABLE

Mr. Natcher. Last year, you expressed the goal of reducing the Commission's case inventory such that decisions could be rendered within a four to six-month time frame.

How are you doing in this regard?

Mr. Buckley. We have had a little setback in our projected goal in that regard, because of the vacancies that occurred within the Commission during the entire year of fiscal year 1985.

We still anticipate that we will be able to get down to that objective by the end of fiscal year 1987, but doubtful we will be able to do it by the end of this year, as we had hoped.

WORKLOAD

Mr. Natcher. What are your current workload estimates for 1986 at and 1987?

Mr. Buckley. In FY 1986 at the hearing level of our Administrative Law Judges, we anticipate that we will be receiving in the neighborhood of 1403 cases. We estimate that we will conclude approximately 1400, and that will leave us with a backlog at the end of the fiscal year of approximately 660 cases.

That is at the Administrative Law Judge level, the hearing level. At the review level, we presently have a backlog of 96 cases, approximately.

We estimate that we will be able to decide 75 cases during the course of this year, and that will leave us with an estimated backlog of 75.

Mr. Natcher. What do you see as the main factors influencing the Commission's workload over the next year?

Mr. Buckley. Our workload is dependent on the amount of activity by OSHA in terms of the number of inspections, types of cases, and the complexity of the cases that they may bring that would eventually come before the Review Commission.

It is difficult to say. Of course, as we all are aware, there is a significant case that was recently investigated in West Virginia, and may result in a substantially long and complex and complicated hearing, as well as activity by the Review Commission on review.

Other matters which may affect that are the recent hazard communication standard, which was recently adopted by OSHA, and there may be others coming up in the way of rules that will affect such things as asbestos and other toxic substances.

I would think that those would be the main things that might have some significant impact on the operation of the Commission.

Mr. Natcher. In the appendix to the President's budget, you estimate that the Commission itself will decide 100 cases in 1986, but the justifications on page 13 show 85, I believe. Which one of those figures is correct, Mr. Buckley?

Mr. Buckley. I think the figure is going to be 75 rather than the 85 we originally projected. We had hoped we would end up fiscal year 1985 with a lower backlog of cases, but we were not able to accomplish that, because we had at least one vacancy during all but the last month of fiscal year 1985.

The result of that is we were not able to accomplish as much in the reduction of our case load, and going forward with decisions, as we had hoped to.

There was in fact a period of almost four months in which there was only one sitting Commissioner and therefore, we couldn't do anything during those four months.

Mr. NATCHER. What do you base the reduction on in 1987?

Mr. BUCKLEY. We base that on having a full Commission, an output of approximately eight to 10 cases per month, a direction for review, incoming cases of approximately 4.5 to 5 per month, and the net result will be a reduction by the end of fiscal year 1987 to approximately 39 cases.

That 39 cases will then put us very close to being at our projected goal of being able to get cases in and out of at the review level in four to six months.

Mr. NATCHER. Mr. Dwyer, I yield to you.

CHEMICAL INDUSTRY

Mr. DWYER. Going back to the case load dialogue, what effect do you think that the chemical industry inspection program, will have on your case load?

Mr. BUCKLEY. It probably will have some impact at the Administrative Law Judge level, the initial hearing level, because those cases will probably result in a finite number of citations. We don't know how many or how extensive they would be or what complications might be involved in it.

I wouldn't imagine any of those cases will reach the review level, the three Commissioners sitting as a review body, probably until very late in 1987 or into 1988.

Mr. DWYER. It will ultimately have an impact?

Mr. BUCKLEY. Yes, it will.

REGIONAL OFFICES

Mr. DWYER. How about the closing down and reduction of regional offices from seven to four? How will that affect your operation?

Mr. BUCKLEY. We completed that process sometime in the middle to end of May of last year. The reduction in the number of offices reduced substantially the rental that the Commission is paying. It had the effect of increasing administrative law judge and support personnel vacancies, but had very little significant impact on the output of our Administrative Law Judges or any significant increase in travel.

Mr. DWYER. What effect did it have on your case load?

Mr. BUCKLEY. No, it did not reduce case load, but did not increase it substantially, either.

Mr. DWYER. Did it lengthen the time before you dispose of a case, which you say is from four to six months. If you have a smaller amount of regional offices, less judges, so on, has it extended the time for settlement of the cases?

Mr. BUCKLEY. The amount of time from the time the case is assigned to an Administrative Law Judge until that Administrative Law Judge makes a final decision at the hearing level has been reduced a bit over the course of a year. For FY 1986 it is now approximately 307 days, if it goes to a hearing, and 171 days if the case is settled.

And so far as the review process is concerned, the sort of appellate level, that really does not make much distinction. That is based on the number of cases which are directed for review, and because we are dealing with a substantial backlog, which in 1978, was up to 369 cases, and now is approximately 96, we are still dealing to a large extent with cases which are fairly old.

As a result, there is no way to really get a handle on the question of the length of time, because from the time it is directed for review until the time it is finally determined by the Review Commission is in the neighborhood of, I think the average now is about 24 months.

Mr. DWYER. Is there any thought about closing additional regional offices?

Mr. BUCKLEY. No, I have no plans in that regard. We now have regional offices in Boston, Atlanta, Dallas and Denver. Between those four offices, they can cover pretty much that area of the country which has any significant activity on the part of OSHA.

Mr. DWYER. Are the workloads equal in all four offices?

Mr. BUCKLEY. Yes, we are required to assign cases on a rotational basis, and try to do it as regionally as we can, so that judges who come out of the Boston office handle cases mainly in New York and the New England States, and perhaps part of the northeastern coast.

Judges from Denver, for example, will handle cases in the midwest and in those areas of the west which do not have their own occupational safety and health programs.

Mr. DWYER. For example, in New Jersey, would the judge come from New Jersey?

Mr. BUCKLEY. Probably the Washington office, we have a Chief Judge and Assistant Chief Judge, who, in addition to doing their administrative work, assigning cases and handling pre-hearing motions, they also handle a significant part of the case load that comes out of New Jersey, Delaware, Pennsylvania, West Virginia.

Mr. DWYER. Where would that judge sit when he goes to New Jersey?

Mr. BUCKLEY. He would sit as close to the area where the employer's business is, where the alleged violation occurred, as possible. It will vary, depending on exactly where that is.

Mr. DWYER. Thank you, Mr. Chairman.

CASES PENDING

Mr. NATCHER. Mr. Buckley, how many cases are presently pending before the Commission members? Actually before the members at this time?

Mr. BUCKLEY. At the present time, there are approximately 96.

OSHA CONTEST RATE

Mr. NATCHER. Is the contest rate for OSHA citations still about 2 percent?

Mr. BUCKLEY. Approximately 2 percent, yes.

Mr. **Natcher**. Would you anticipate any changes in this rate for the near future?

Mr. **Buckley**. It is hard to say how do I anticipate that. Over the course of the years, it seems to stay at 2 percent or thereabouts. The last figures I had was that OSHA would conduct approximately 71,400 inspections during the course of 1986.

Our best estimate is that the number of cases that would come out of those inspections would be approximately 2 percent.

BUDGET REQUEST

Mr. **Natcher**. Your 1987 budget request is for $5,750,000, which, if enacted, would be the agency's lowest appropriation since fiscal year 1975, 12 years ago. How do you explain that, Mr. Buckley?

Can you get along on the budget figure here of $5,750,000?

Mr. **Buckley**. Yes, Mr. Chairman, we feel very confident that we will be able to handle that. We have shown a reduction since 1979, I believe it is, approximately 25 percent of the FY 1979 appropriation. There has also been a reduction in the number of Administrative Law Judges. The number of cases that come before our Administrative Law Judges and before the Review Commission have also dropped substantially from FY 1979 when there were 6,938 new cases at the ALJ level.

We estimate that we can continue to reduce the backlog at the review appellate level, and we are working towards methods of reducing the backlog at the Administrative Law Judge level also.

We are exploring, Chief Judge Tenney and I, and other members of the Commission, the possibility of establishing a position for a Settlement Judge, and his role to attempt together with the parties to push towards a settlement of the issues involved in such a way it would shorten significantly the number of hearings, or the number of days involved in hearings, and I think we can be successful in that endeavor.

STAFF

Mr. **Natcher**. What is your current staffing level at the Commission?

Mr. **Buckley**. FTE of 90, and we have 80 on board.

Mr. **Natcher**. Do you expect this level to change during the coming year?

Mr. **Buckley**. I don't anticipate that it will. If there is a significant increase in the case load coming out of OSHA inspections, we may have to increase one or two attorneys in the General Counsel's office.

Whether or not we would appoint another Administrative Law Judge or attempt to borrow one from some other agency, I don't know, but I think that—I don't really anticipate that we will have to increase that, but we need to maintain that level for contingency purposes.

We have no way of knowing exactly what the effect of increased inspection activity by OSHA might mean.

Mr. **Natcher**. Do you have any high-level vacancies in the agency at this time?

Mr. BUCKLEY. No, we have several attorney level, 9 to 13, vacancies, but nothing at the high executive level, no.

REGIONAL OFFICES

Mr. NATCHER. Last year, the number of regional offices was reduced from seven to four. What effect has this reduction had on the operation so far, any serious effect?

Mr. BUCKLEY. It has had no significant impact at all. The number of cases being handled by the Administrative Law Judges keeps us pretty much on an even course with regard to their pending case load, as well as cases that they turn out, and it has had no effect on the review process.

Mr. NATCHER. Can you estimate for us the amount of savings you expect to have by making this reduction in the number of regional offices?

Mr. BUCKLEY. The main reduction occurred by the consolidation, and the release of quite a bit of rental space in Chicago, New York and St. Louis. There was also some reduction in personnel expenditures, because the result of the consolidation was that one Administrative Law Judge retired under a disability plan, and another one retired, and three others—or two others secured employment with other agencies.

The net result of that, of course, was a reduction significantly in our personnel expenditure.

SIGNIFICANT DECISIONS

Mr. NATCHER. For the record, if you will, provide a list and a short description of the major decisions made by the Commission in 1985, and just pick out a few.

[The information follows:]

Would you describe some of the more significant decisions issued by the Commission over the past year?

There were very few significant decisions issued by the Commission during fiscal year 1985 since throughout almost the entirety of that year the Commission operated with only two Commissioners, and for 4 months with only one Commissioner. The majority of cases disposed of by the Commission were cases in which the two sitting Commissioners agreed to affirm the decisions of the Administrative Law Judge on a non-precedential basis.

Bunge Corporation, OSHRC Docket Nos. 77-1622, 78-838 & 78-2213 (April 22, 1986). Citations alleging violations of the air contaminants standard vacated. Commission held that the permissible exposure limits for "mineral dusts" listed in Table Z-3 of § 1910.1000, including specifically the limits for "inert or nuisance dust" and for "crystalline quartz silica," cannot be applied to regulate grain dusts because they are not mineral dusts.

Granite City Terminals Corp., 12 BNA OSHC 1741, 1986 CCH OSHD ¶ 27,547 (No. 83-882-S, 1986). Commission states that it has the power under section 5(d) of the Administrative Procedure Act, 5 U.S.C. § 554(e), to issue declaratory orders. The Commission notes that the power is discretionary and declines to issue a declaratory order in this case.

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CASE TRACKING SYSTEM

Mr. **Natcher**. Last year, you told us of your plan to replace your automated case tracking system. Has this been accomplished?

Mr. **Buckley**. Yes, sir, that has been accomplished. We have now released a large main frame type computer which we had difficulty putting into the program.

Our Executive Secretary has programmed a smaller type of computer which provides us all of the facilities which we need.

He has programmed it, placed into it all of the information which we need to have into that system, and we are now in the process of tying in terminals at the regional offices into the computer here in the national office.

It has been successful and economical.

Mr. **Natcher**. What do you project the final cost of the new system to be?

Mr. **Buckley**. The expenditures in 1985 were $61,000. We anticipate in 1986 somewhere between $10,000 and $15,000.

Mr. **Natcher**. Are there any other administrative efficiencies that you are planning to implement in the coming year? Any that you know of offhand?

Mr. **Buckley**. No, I don't believe. I think we have gotten to a point where any such efficiencies probably will come out of the program that I suggested earlier, the Settlement Judge, which I think will result in a net decrease in time at the hearing level.

SPACE RENTAL

Mr. **Natcher**. Why is your space rental bill dropping by $128,000, approximately 18 percent? Why the reduction?

Mr. **Buckley**. The reduction occurred with the release of office space in the three regional offices that we consolidated, and also, a reduction of space in the national office.

We moved our information office off of one floor, and also our hearing room off of one floor, which permitted us to release, I think it was close to about 2,000 square feet in the national office.

FUND LAPSE

Mr. **Natcher**. We see that in 1985 you lapsed $444,000, Mr. Buckley, or about 7 percent of your appropriation. How were you able to do this?

Mr. **Buckley**. Mostly, Mr. Chairman, because we only had two Commissioners for eight months of the year, and only one Commissioner for four months. The result was that the personnel payments, other payments of that nature, as well as staffing for those two vacant Commission offices resulted in quite a large reduction in our anticipated expenditures.

ORGANIZATION CHART

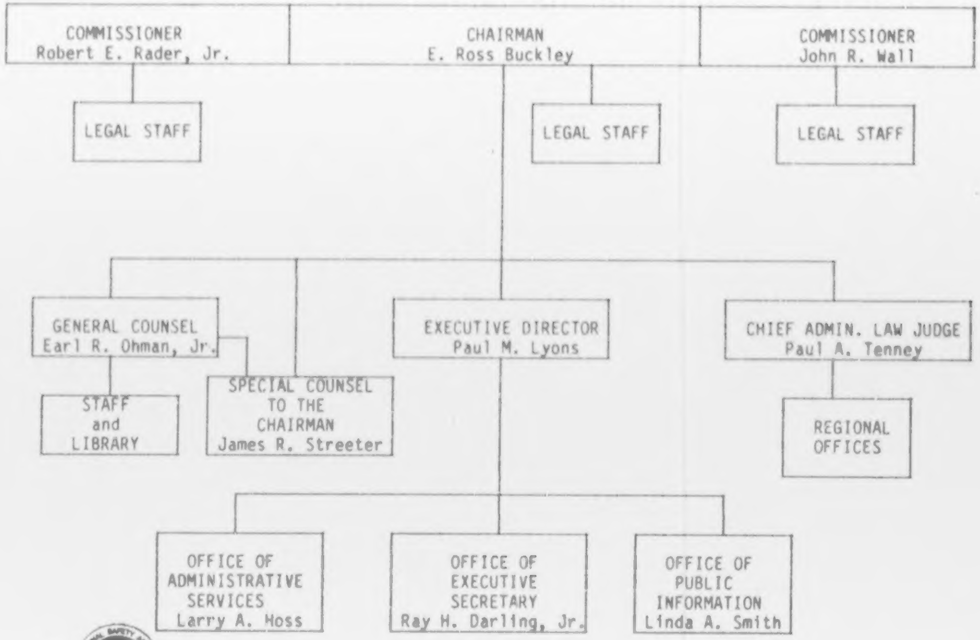
Mr. **Natcher**. When you get the transcript back, provide an organization chart for us, and place it in the record at this point.

[The information follows:]

O. PATIONAL SAFETY AND HEALTH
REVIEW COMMISSION

OSHRC C . 200
October ., 1985
(Revised)

OVERALL ORGANIZATION


COMMISSIONER
Robert E. Rader, Jr.
CHAIRMAN
E. Ross Buckley
COMMISSIONER
John R. Wall
LEGAL STAFF
LEGAL STAFF
LEGAL STAFF
GENERAL COUNSEL
Earl R. Ohman, Jr.
EXECUTIVE DIRECTOR
Paul M. Lyons
CHIEF ADMIN. LAW JUDGE
Paul A. Tenney
STAFF
and
LIBRARY
SPECIAL COUNSEL
TO THE
CHAIRMAN
James R. Streeter
REGIONAL
OFFICES
OFFICE OF
ADMINISTRATIVE
SERVICES
Larry A. Hoss
OFFICE OF
EXECUTIVE
SECRETARY
Ray H. Darling, Jr.
OFFICE OF
PUBLIC
INFORMATION
Linda A. Smith

OFFICIAL SEAL

Paul M. Lyons
PAUL M. LYONS
EXECUTIVE DIRECTOR

E. Ross Buckley
E. ROSS BUCKLEY
CHAIRMAN

OFFICE OF INFORMATION

Mr. **Natcher**. What are the functions of your Office of Information?

Mr. **Buckley**. They primarily handle Freedom of Information requests, requests from persons for copies of decisions, Administrative Law Judge decisions, as well as Review Commission decisions, and also keeps track of any newspaper articles or things of that nature which ought to be brought to the attention of the Commission.

Mr. **Natcher**.

Mr. Dwyer.

Mr. **Dwyer**. No further questions.

Mr. **Natcher**. We want to thank you and your associates for appearing before our committee at this time on behalf of your budget request for fiscal year 1987. I like the way you answer your questions, Mr. Buckley. You could stay around with us a while and let these other people take a look at you.

[The following questions were submitted to be answered for the record:]

Mr. Conte : Your justifications state that you are having difficulty projecting your '87 case activity because of the uncertainty with the terms of Commissioners Radar and Wall. Are both those Commissioners still recess appointees, and if their terms expire at the end of the calender year, how will your agency operate with only one Commissioner?

Mr. Buckley: Commissioner Wall has been confirmed for an appointment expiring April 27, 1987. Commissioner Rader is serving a recess appointment which will expire at the adjournment of Congress. His confirmation proceedings have not as yet been concluded. If Mr. Rader's term expires, the Commission will have the necessary quorum for the purpose of carrying out its functions through April 27, 1987. During fiscal year 1985 the Commission had only one Commissioner from April 28, 1985, through the middle of August when Commissioners Rader and Wall received their recess appointments. During that time of approximately 4 months the Commission could function at the Administrative Law Judge hearing level, but lacked a quorum to conduct the review process. Administratively the Commission could continue to function since the administrative responsibility of the Commission is vested in the Chairman under the Act.

Mr. Conte : Mr. Buckley, as you well know, we've had a lot of turnover and uncertainty with Commission positions in the last few years. Do you think that there are some legislative actions Congress could take that would provide more stability to the Commissioner Corps?

Mr. Buckley: We do not have any recommendations for legislative action at this time.

Mr. Conte : The number of ALJ decisions and the number directed for Commission review remain historically low in 1985. Do you continue to project a declining number of cases directed for review in FY 1987? (What has been the trend for '86)

The number of ALJ decisions has been rising slowly since 1983 from 1,152 decisions to 1,329 decisions in FY 1985. This is expected to continue. For example, the decisions by all ALJs for February and March 1986 as compared to February and March of 1985 is up slightly. In February 1986 and again in March 1986 there were 131 decisions; in contrast, to February 1985 when there were 111 decisions, and in March 1985 when there were 129 decisions.

We believe that the number of cases directed for review bottomed out at 39 39 in FY 85. Case activity rose in the second half of FY 85. Accordingly, we projected an increase in the number of directions for review in FY 86. our estimate was 52 cases. During the first half of FY 86, a total of 27 have been directed for review for an average of 4.5 cases per month. At this rate, we can anticipate receiving 54 cases in FY 86. Based on these figures, we presently expect a further increase in the number of directions for review to an estimated 60 in FY 87.

Mr.Conte : Would you describe some of the more significant decisions issued by the Commission over the past year?

Mr. Buckley: There were very few significant decisions issued by the Commission during fiscal year 1985 since throughout almost the entirety of that year the Commission operated with only two Commissioners, and for 4 months with only one Commissioner. The majority of cases disposed of by the Commission were cases in which the two sitting Commissioners agreed to affirm the decisions of the Administrative Law Judges on a non-precedential basis.

The following are the significant cases issued in fiscal year 1985:

In Elmer Construction Corp. 12 OSHC 1002, the Commission decided that the Act did not require a written notice of contest, and that an oral notification of an intent to contest a citation was sufficient.

Lambert Metal Contractors Inc., 12 OSHC 1026, reaffirmed prior Commission precedent on the question of the obligations of subcontractors in multi-employer operations, and held that a sub-contractor who neither created nor controlled a hazardous condition was not in violation of the Act if he made efforts to secure correction of the hazard, by written notice of the hazard to the prime contractor.

In FY 1986, with a full Commission, a number of significant cases issued. Among them were the following:

Bunge Corporation, OSHRC Docket Nos. 77-1622, 78-838 & 78-2213 (April 22, 1986). Citations alleging violations of the air contaminants standard vacated. Commission held that the permissible exposure limits for "mineral dusts" listed in Table Z-3 of § 1910.1000, including specifically the limits for "inert or nuisance dust" and for "crystalline quartz silica," cannot be applied to regulate grain dusts because they are not mineral dusts.

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Mr. Conte : With regard to the cases pending before the ALJ's, unlike the number before the Commission, the number pending at the beginning of the year has been increasing. What is the reason for this continual increase?

Mr. Buckley: The increase in the number of cases pending before the ALJs is attributed to a greater increase in new cases received by the Commission.

Mr.Conte : Last year you described the ALJ's as having no backlog, but of being current in their cases. Does that continue to be the case?

Mr. Buckley: This is still the case. The ALJs are current.

Mr. Conte : How many ALJs do you have on board, and has that number been constant over the past several years?

Mr. Buckley: The Commission has currently 18 ALJs on board, with four in each of the Commission's four regional offices and two in the National Office. The number of ALJ FTE has not been constant in recent years. The Commission utilized 21.7 ALJ FTE in FY 1984 and 19.1 ALJ FTE in FY 1985

Mr. Conte : While your proposed budget for '87 is a slight increased over the post-sequester '86 level, it is still a decrease from what we appropriated in the bill. Do you consider the '87 request a current services budget base on the Gramm-Rudman cuts, or is it base on something else?

Mr. Buckley: The request for FY 1987 as submitted is based on current estimates of expected new case intake and total workload requirements anticipated by the Commission for FY 1987. It is not a current services budget nor is it based upon any anticipated Gramm-Rudman reduction.

Mr. Conte : Last year you achieved some savings through the closing of three of the regional offices, is that correct?

Mr. Buckley: The consolidation of the three regional offices resulted in decreased costs of approximately $186,000 in personnel compensation and $63,000 in office space costs.

Mr. Conte : How do you feel about the present regional structure of the Commission? Is it adequate to enable you to hold hearings as close to the alleged violation site as possible?

Mr. Buckley: Since we make every effort to hold hearings as close to the site of the alleged violation as possible, all of our Administrative Law Judges travel. The consolidation of offices has had no adverse impact on travel, either in terms of delay of cases or increase in transportation costs. We will be able to continue providing prompt adjudication of cases with our four regional offices.

Mr. Conte : Do you think the consolidation has increased the Commission's travel budget at all?

Mr. Buckley: The consolidation of the regional offices in FY 1985 has not had a significant impact on the Commission's travel budget. The success of an ALJ initiative to schedule two or more cases for hearing on a single travel trip and reduced airline costs have in all probability offset any small increases that might have occurred as a result of consolidation.

Mr. Conte : What are you requesting for travel in '86 and how does that compare to what you'll spend in '86?

Mr. Buckley: The travel cost estimate for FY 1987 is $111,000, which is an increase of $9,000 above the FY 1986 estimate of $102,000.

Mr. Conte : How is it that you are able to show a decrease of $128,000 in SLUC charges in '87? Where are you reducing space?

Mr. Buckley: The reduction in SLUC charges in FY 1987 is a result of the consolidation of regional offices and release of space in the National Office during FY 1985. The SLUC cost estimate is provided by the General Services Administration.

Mr. Conte : You mention that it is possible that there could be an increase in caseload due to new rulemaking at OSHA down at the Department of Labor, specifically with regard to Hazard Communications Standard. Can you describe what this standard is, and what sorts of disputes you foresee?

Mr. Buckley: The standard requires chemical manufacturers and importers to evaluate chemicals produced in their workplaces or imported by them to determine if they are hazardous. The standard contains references to several lists of toxic materials which chemical manufacturers or importers must treat as hazardous. Chemicals not included in these lists must be evaluated for hazards by reference to "available scientific evidence". Each container leaving the workplace must be labeled as to chemical identity with appropriate hazard warnings and with the name and address of the source. The manufacturers or importers must also prepare a "Material Safety Data Sheet" (MSDS) containing the chemical names of each hazardous ingredient and information necessary for safe use of the product. The MSDS must be provided to each employer in the manufacturing sector (certain designated SIC codes). Each employer must then make the MSDS available for employee inspection and provide employees with information and training on hazardous chemicals in their work area. The few cases filed thus far raise issues as to the adequacy of one or more MSDS sheets. In addition, the standard is expected to raise many subsidiary questions concerning trade secrets and requests for their protection by appropriate orders. The "trade secrets" provision in the standard is being slightly modified in light of the Third Circuit Court of Appeals' decision in United Steelworkers of America v. Auchter, Nos. 83-3554 and 83-3561 (3rd Cir., May 24, 1985), generally sustaining the validity of the standard.

Mr. Conte : Also, what do you mean when you say that current rulemaking involving asbestos is anticipated to have some effect on adjudications in '87?

Mr. Buckley: A modification of the asbestos standard by lowering the permissible exposure limit could give rise to some increase in cases to resolve new issues raised by the changed standard. This generally follows any significant change in a major standard. We understand that a final rule by OSHA is expected in the near future.

Mr. Conte : What percent of the cases the Commission reviews result in a reduction or reversal in the penalty originally determined by OSHA?

Mr. Buckley: The breakdown of substantive Commission decisions that resulted in a reduction or reversal in the original OSHA penalty is as follows:

Penalties in issue in cases in which full hearings were held were reduced or vacated in 69% of the cases filed by ALJs during the first 6 months of FY 86. Penalties assessed by ALJs were reduced or vacated in 50% of the decisions filed by the full Commission during the same period.

Mr. Conte : What percent of the cases decided by the Commission are appealed to the U.S. Courts of Appeal?

Mr. Buckley: In FY 85, 27 cases were filed in the United States Court of Appeals. As compared to the number of dispositions by the Commissioners and the Administrative Law Judges this represents less than 2 percent of the total dispositions by the Review Commission as a whole. The Commission has found that many appeals are settled, withdrawn or dismissed. This occurred in 20 of the 35 dispositions by the courts in FY 85 with the remaining 15 being disposed of on the merits of the petition. Therefore, we expect that not all of the 27 cases filed in FY 85 will be reviewed on their merits.

Justification of Appropriation Estimate for Committee on Appropriations

FISCAL YEAR 1987

OCCUPATIONAL
SAFETY AND HEALTH
REVIEW COMMISSION

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

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OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

1825 K Street N.W., Washington, D.C. 20006
Phone, 202-634-7943

A Summary

The Occupational Safety and Health Review Commission (OSHRC) is an independent quasi-judicial agency established by the Occupational Safety and Health Act of 1970 (84 Stat. 1590; 29 U.S.C. 651-678).

The Review Commission is charged with ruling on cases forwarded to it by the Department of Labor when disagreements arise over the results of safety and health inspections performed by the Occupational Safety and Health Administration (OSHA). Employers have the right to dispute any alleged job safety or health violation found during the inspection by OSHA, the penalties proposed by OSHA, and the time given by OSHA to correct any hazardous situation. Employees and representatives of employees may initiate a case by challenging the propriety of the time OSHA has allowed for correction of any violative condition.

The principal office of the Review Commission is in Washington, D.C. There are also four regional offices where Review Commission judges are assigned.

Review Commission Judges
Occupational Safety Review Commission

Address	Phone
Atlanta, Ga. 30309 1365 Peachtree St. NE	(404)347-4197 FTS 8/257-4086
Boston, Mass. 02109 John W. McCormack Post Office and Courthouse	(617)223-3757 FTS 8/223-3757
Dallas, Tex. 75242 1100 Commerce St.	(214)767-5271 FTS 8/729-5271
Denver, Colo. 80265 1050 17th St.	(303)844-2281 FTS 8/564-2281

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

WITNESS LIST

BUCKLEY, E. Ross	CHAIRMAN
LYONS, Paul M.	EXECUTIVE DIRECTOR
OHMAN, Earl R.	GENERAL COUNSEL
TENNEY, Paul A.	CHIEF ADMINISTRATIVE LAW JUDGE
HOSS, Larry A.	DIRECTOR, OFFICE OF ADMINISTRATIVE SERVICES
DARLING, Ray H.	EXECUTIVE SECRETARY

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

Salaries and Expenses

For expenses necessary for the Occupational Safety and Health Review Commission [$5,901,000] $5,750,000.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

Salaries and Expenses

Amounts Available for Obligation

	1986	FTE Positions	1986 Revised	FTE Positions	1987	FTE Positions
Appropriation	$5,901,000	90	$5,647,000	90	$5,750,000	90

Obligation by Activity

	1986 Base		1986 Revised		1987 Requested		Increase or Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Commission Review	41	$2,671,000	41	$2,518,000	41	$2,644,000	---	$+126,000
Administrative Law Judge Determinations	28	2,133,000	28	2,107,000	28	2,090,000	---	$- 17,000
Administration	21	1,097,000	21	1,022,000	21	1,016,000	---	- 6,000
Total Obligations	90	$5,901,000	90	$5,647,000	90	$5,750,000	---	$+103,000

Summary of Changes

1986 Estimated Obligations	$5,901,000
1986 Revised Estimated Obligations	5,647,000
1987 Estimated Obligations	5,750,000
Net Change	$+ 103,000

	FY 1986 Base	FY 1986 Revised	Change from Base
Increases:			
Personnel Compensation Permanent Positions	3,885,000	3,706,000	$+ 235,000
Personnel Benefits	423,000	404,000	+ 26,000
Travel and Transportation of Persons	102,000	102,000	+ 9,000
Local Telephone Costs	44,000	39,000	+ 5,000
Postal Service	55,000	50,000	+ 5,000
Printing and Reproduction	21,000	18,000	+ 3,000
Court Reporting	73,000	73,000	+ 8,000
Equipment Maintenance	67,000	67,000	+ 6,000
GSA Support Costs	82,000	74,000	+ 11,000
Equipment Costs	15,000	10,000	+ 5,000
Total Increases			$+ 313,000
Decreases:			
Other Personnel Compensation	40,000	40,000	$- 14,000
Standard Level User Charges	708,000	708,000	- 128,000
Federal Intercity Telephone Service	90,000	70,000	- 1,000
GSA Building Maintenance Costs	16,000	16,000	- 5,000
Training Costs	25,000	25,000	- 11,000
Other Misc. Costs	107,000	107,000	- 47,000
Supplies and Materials	93,000	83,000	- 4,000
Total Decreases			$- 210,000

Obligation by Object

	1986 Estimate	1986 Revised Estimate	1987 Request	Increase or Decrease
Total number of permanent postions	90	90	90	---
Full Time equivalent of other positions	---	---	---	---
Average number of all employees.	90	90	90	---
Personnel compensation:				
Permanent positions	3,885,000	3,706,000	3,941,000	$+235,000
Positions other than permanent	---	---	---	---
Other personnel compensation	40,000	40,000	26,000	- 14,000
Subtotal Personnel compensation	3,925,000	3,746,000	3,967,000	+221,000
Personnel Benefits	473,000	404,000	430,000	+ 26,000
Benefits for former personnel	---	---	---	---
Travel and transportation of persons	102,000	102,000	111,000	+ 9,000
Transportation costs	2,000	2,000	2,000	--
Rent, Communications and Utilities:				
Standard level user charges	708,000	708,000	580,000	-128,000
Other rent, communications and utilities.	225,000	195,000	204,000	+ 9,000
Printing and reproduction	21,000	18,000	21,000	+ 3,000
Other service costs . . . . (Court Reporting, GSA, Commercial contracts)	387,000	379,000	341,000	- 38,000
Supplies and materials	91,000	83,000	79,000	,000
Equipment	15,000	10,000	15,000	+ 5,000
Total Obligations by Object	5,901,000	5,647,000	5,750,000	$+103,000

Authorizing Legislation

Legislation	1987 Authorized	1987 Appropriation Requested
Occupational Safety and Health Act:		
Section 12 of the Act of December 29, 1970 (P.L. 91-596)	Indefinite	$5,750,000

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

Salaries and Expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1971	$ 75,000	$ 75,000	$ 75,000	$ 75,000
1972	400,000	400,000	400,000	1,060,000
1973	5,979,000	5,979,000	5,979,000	4,443,000
1974	4,890,000	4,890,000	4,890,000	4,890,000
1975	5,720,000	5,512,000	5,700,000	5,712,000
1976	5,806,000	5,769,000	5,769,000	5,769,000
19TQ	1,464,000	1,464,000	1,464,000	1,464,000
1977	6,280,000	6,607,000	6,607,000	6,607,000
1978	7,150,000	7,150,000	7,150,000	7,150,000
1979	7,658,000	7,658,000	7,658,000	7,658,000
1980	7,550,000	7,550,000	7,550,000	7,550,000
1981	7,860,000	7,860,000	7,860,000	7,860,000
1982	7,787,000	7,787,000	7,387,000	7,092,000
1983	6,316,000	6,316,000	6,316,000	6,316,000
1984	6,331,000	5,982,000	6,339,000	5,982,000
1985	6,143,000	6,143,000	6,143,000	6,143,000
1986 1/	5,742,000	5,901,000	5,901,000	5,901,000
1987	5,750,000			
Sequestered under P. L. 99-177				-254,000

1/ Does not include reductions pursuant to P. L. 99-177.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

	1986 Base		1986 Revised		1987 Request		Increase or Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel compensation and benefits.	90	$4,348,000	90	$4,150,000	90	$4,397,000	---	$+247,000
Other Expenses.	---	1,553,000	---	1,497,000	---	1,353,000	---	144,000
Total	90	$5,901,000	90	$5,647,000	90	$5,750,000	---	$+103,000

The Occupational Safety and Health Review Commission (OSHRC) was established on April 28, 1971, pursuant to the Occupational Safety and Health Act of 1970 (PL 91-596). The agency adjudicates issues in dispute between the U. S. Department of Labor's Occupational Safety and Health Administration (OSHA) and employers (or their employees) to whom OSHA has issued citations charging a violation of the Act.

Hearings are held locally by Administrative Law Judges who decide the issues in disputes. Their decisions must then pend for 30 days before the 3 members of the Commission. If a member directs review of such a decision during that 30-day period, the 3 member tribunal examines and renders a decision on the case either affirming, modifying or vacating the ALJ's decision. If no member directs review during the 30-day period, the judge's report becomes final. All OSHRC decisions are subject to direct appeal to the U. S. Courts of Appeal.

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

	1986 Base		1986 Revised Estimate		1987 Request		Increase or Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel compensation and benefits	41	$1,953,000	41	$1,822,000	41	$1,986,000	--	$+164,000
Other expenses		718,000		696,000		658,000		-38,000
Total	41	$2,671.000	41	$2,518,000	41	$2,644,000	--	$+126,000

Commission Review

The review function is presently accomplished by the Commissioners' staff (18 positions) and the Office of the General Counsel (23 positions).

When a case is directed for review by one of the Commission members, the case is assigned to the Office of the General Counsel. Following the submission of briefs, it is assigned to an attorney, who is reponsible for the case until it is issued as a final Commission Order. The attorney prepares a decisional memorandum or a draft decision depending upon the complexity of the case. The case then generally proceeds through the following steps in the decisional process:

(1) The decisional memorandum or draft decision is presented at a meeting of the three Commissioners for their votes. If the case is presented in the form of a decisional memorandum, a draft decision is prepared following the meeting in accordance with the votes of the Commissioners. If the case is prepared in the form of a draft decision, the draft is either accepted or revised in accordance with the instructions of the Commissioners. Following revision, draft decisions are circulated as proposed decisions to the Commissioners for signature.

(2) After signature by the members, the proposed decision is issued as a final Commission Order. In cases in which an individual Commission member wishes to file a separate opinion, the separate opinion normally is filed after the majority has signed the proposed decision. A decision or separate opinion may be revised several times before issuance as a final order.

Accomplishments

Commission case production for FY '85 fell slightly below budgetary projections. A total of 53 cases were issued for an average of 4.4 cases per month. The low FY '85 case production was anticipated and is attributable to vacancies among the Members. The Review Commission is composed of three Members (29 U.S.C. § 661(a)). In July, 1984, then-Chairman Robert A. Rowland left the agency. This position remained vacant until August 9, 1985, when Commissioner John R. Wall received a recess appointment. On April 27, 1985, the term of Commissioner Timothy F. Cleary expired. This position also remained vacant until August 9, 1985, when Commissioner Robert F. Rader, Jr., received a recess appointment. As a result, the Commission operated for nearly seven months of FY '85 with only two Members and for an additional four months with only one Member. The statute requires the votes of two Members to take official action. 29 U.S.C. § 661(f). Thus, no cases could be decided at the review level for about four months. During the first seven months of FY '85, case production averaged about 7.6 cases per month; however, the average monthly production over the entire year was only 4.4. Nevertheless, the Commission did reduce the number of cases pending before it at the end of FY '85 to 96.

At the end of the first quarter of FY '86, a total of 13 new cases were added to the docket. During the same period, 13 decisions were issued. There are 96 cases pending before the full Commission at the end of the first quarter of FY '86.

Projections

The incoming case rate for the first quarter of FY' 86 projects into a total of 52 cases for the entire year. With the presence of a full Commission, the rate of issuance of Commission decisions should rise until the middle of FY '86 as the new Commissioners become more comfortable in their positions. It is still projected, therefore, that the backlog of pending cases will be eliminated by the end of FY '86.

There is no reason at this time to anticipate a radical change in case activity in FY '87. There are two potential problems foreseeable at this time. First, Commissioners Rader and Wall are still recess appointees whose appointments expire at the end of December, 1986, if they are not confirmed by the Senate. There is no reason at present to doubt that both will be confirmed. Second, even upon confirmation, Commissioner Wall's term will expire on April 27, 1987. Thus, another potential vacancy in the Commission membership exists for the middle of FY '87. Vacancies always significantly affect Commission case production. Otherwise, it can be anticipated that FY '87 will involve the settling of the Review Commission into a program of expeditiously disposing of cases on a current basis. The Commission has not been in this position since its creation.

TABLE I

COMMISSION REVIEW

FISCAL YEAR	ALJ DEC.	DIR. FOR REVIEW	%	DISPO.	PENDING AT END OF F.Y.
1978	3,553	147	4.1	224	369
1979	4,563	149	3.3	153	408
1980	6,370	136	2.2	221	342
1981	5,706	128	2.2	215	264
1982	2,149	99	4.6	168	195
1983	1,152	65	4.8	109	151
1984	1,220	44	3.6	88	110
1985	1,329	39	2.8	53	96
1986 (est.)	1,392	52	3.7	85	63
1987	1,469				

TABLE 2

CASES REVIEWED

FY 1978	3,390
FY 1979	4,563
FY 1980	6,370
FY 1981	5,706
FY 1982	2,149
FY 1983	1,152
FY 1984	1,220
FY 1985	1,329
FY 1986	1,392 (est.)
FY 1987	1,469 (est.)

ADMINISTRATIVE LAW JUDGE DETERMINATIONS

	1986 Base FTE	1986 Base Amt.	1986 Revised Est. FTE	1986 Revised Est. Amt.	1987 Request FTE	1987 Request Amt.	Increase or Decrease FTE	Increase or Decrease Amt.
Personnel compensation and benefits	28	$1,627,000	28	$1,627,000	28	$1,637,000		+$10,000
Other expenses		506,000		480,000		453,000		- 27,000
Total	28	$2,133,000	28	$2,107,000	28	$2,090,000		-$17,000

The function of the Commission's administrative law judges is to conduct hearings and other proceedings under the formal adjudicative requirements of the Administrative Procedure Act; and consistent with the Commission's mission these proceedings are to be conducted in an efficient, expeditious and fair manner.

Under Commission procedure cases or contests are filed with the Commission's Executive Secretary; the cases are docketed and sent to the Chief Administrative Law Judge who assigns cases consistent with APA requirements to the administrative law judges in the Commission's four regional offices. The parties are then afforded an opportunity for a hearing.

Workload Expectations and Performance

	Actual FY 1984	Actual FY 1985	Est. 1986	Est. 1987
Cases pending beginning of year	548	620	650	660
New cases received	1,253	1,360	1,403	1,506
Case Dispositions:				
Prior to assignment to Judge	51	69	75	80
After assignment but w/o hearing	1,010	1,096	1,157	1,231
Heard and decided by Judge	159	164	160	158
Full hearings held	170	162	165	170

The requested FTE of 21 assigned to the Executive Director translates into three separate programs and functions, eight FTE in administration, nine FTE assigned to the Office of the Executive Secretary, and two FTE in the Office of Information. By the continued application of sound management principles, coupled with the direct support and guidance of the Executive Director, several new approaches have been introduced and some outdated methods discarded that have improved employee moral, increased efficiency and provided more effective administration of the Commission overall.

MONDAY, APRIL 21, 1986.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

WITNESSES

STUART H. ALTMAN, Ph.D., CHAIRMAN
DONALD A. YOUNG, M.D., EXECUTIVE DIRECTOR

Mr. NATCHER. We have before the committee at this time Dr. Stuart H. Altman, chairman of the Prospective Payment Commission. Before you give us your statement, tell us who you have with you at the table there.

Dr. ALTMAN. I am accompanied today by Donald Young, Executive Director of the Commission.

Mr. Chairman, this is the third time I have had the privilege to appear before you. I look upon it very fondly. When we first had the opportunity, the commission had not even begun its work yet. We had no offices, and Don Young had started two weeks before. I think we have made some progress over the last couple of years, and I would like to thank you and your staff for the help you have given us.

It was with your guidance and urging that we moved into areas we might not have moved into, and I would like to think that the Congress and the Executive Branch, maybe even the country is a little bit better off for our efforts.

Our budget has remained about constant during the first two full years of operations at about $3,000,000, and by and large, these funds support salaries and administrative expenses for both the Commissioners and the staff. Approximately $1,000,000 of our budget goes to our R&D effort, primarily to maintain the analytical capacity of the Commission.

And I will speak a little more about that in a second.

Even though our budget has not increased greatly over the two years, you will note that our appropriation has grown. This is because we had unanticipated carryover funds from our first partial year of operation, fiscal year 1984, which was applied to the appropriations for fiscal year 1985 and 1986.

This year, these carryover funds are no longer available, so that our appropriation request is for the full $3,400,000.

Mr. Chairman, chairing this Commission has been truly a marvelous experience for me, in terms of the contributions which I believe that ProPAC has made, in terms of the commitment of the members of the Commission, and in terms of the dedication and exceptional ability of the staff recruited and directed by Dr. Young.

We have collected data and analyzed a wide range of issues related to the functions and performance of PPS, and we have completed five major reports for the Legislative Branch and the Department in the last 14 months.

During the last year, we have met in over 20 sessions. We have sought the advice and assistance of a wide range of public and private sector experts and organizations to help us define our agendas and refine our priorities.

OTA has reviewed our accomplishments and, in its recent oversight report to Congress, noted, "OTA finds that ProPAC has made excellent progress in its second year and has emerged as a significant factor in the PPS adjustment process."

We are proud of that.

Mr. Chairman, as I noted earlier, we proposed a budget of $3,421,000. This compares with our fiscal year 1986 budget of $3,240,000, and sequestration reduced this fiscal year 1986 level to $3,101,000.

As mentioned before, the fiscal year 1986 budget included the appropriations of $2,893,000 and unexpended carryover funds from our initial years' operation.

With regard to our expenditures in the category for research and data development, we work very hard, Mr. Chairman, not to duplicate any of the effort of other Congressionally mandated operations, and we work closely with HCFA and have ongoing relations with the National Center for Health Services Research to make sure the money we spend is profitably spent.

In the first year, you were concerned about that, and we have worked hard to make sure you are aware how we have been spending that money.

The Commission is now entering its third year. We have been functioning as 15 Commissioners with a staff of 25. It looks like the Congress has added two more Commissioners to our group, making it number 17, and so, some of the small increase that we have asked for is to accommodate these two additional Commissioners.

[The statement of Dr. Altman follows:]

TESTIMONY

Before the

SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

April 21, 1986

For The

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Stuart H. Altman, Ph.D.
Chairman
Prospective Payment Assessment Commission

Mr. Chairman, I am Stuart Altman, Chairman of the Prospective Payment Assessment Commission. I am pleased to represent the ProPAC Commissioners and present to you ProPAC's budget and appropriation request for fiscal year 1987. I am accompanied today by Donald A. Young, M.D., Executive Director of the Commission.

As you recall, the Commission was mandated in Pub. L. 98-21, which established the Medicare prospective payment system. We are charged with maintaining and updating this hospital payment system through reports and recommendations to the Congress and the Department of Health and Human Services. Commissioners, who are experts in health services delivery, financing, and research, are appointed by the Director of the Congressional Office of Technology Assessment. Our work is supported by an Executive Director and a staff of up to 25 people.

Our budget has remained about constant during the first two full years of operation at just over $3 million. These funds support salary and administrative expenses of the Commissioners and staff, a policy analytic research budget of approximately $1 million, and other expenses such as our open public meetings, the publication of our reports, and the maintenance of our mailing list and communications with those members of the public who wish to bring problems to our attention.

Even though our budget has not increased greatly over the 2 full years of our existence, you will note that our appropriation has grown. This is because we had unanticipated carryover funds from our first partial year of operation, fiscal year 1984, which were applied to the appropriations for fiscal years 1985 and 1986. This year, these carryover funds are no longer available, so that our appropriation request is for $3.4 million.

Before I provide further detail on our budget and the purposes for which our funds will be spent, I would like to briefly describe some of our major activities and contributions over the last year.

Recent Commission Accomplishments

Chairing this Commission has been a truly marvelous experience for me -- in terms of the contributions which I believe that ProPAC has made, in terms of the commitment of the members of the Commission, and in terms of the dedication and exceptional ability of the staff recruited and directed by Dr. Young. We have collected data and analyzed a wide range of issues related to the functions and performance of PPS, producing five major reports to the Congress and the Department in the last 14 months. During the last year, we have met in over 20 sessions. We have sought the advice and assistance of a wide range of public and private sector experts and organizations to help us define our agendas and refine our priorities. We have testified before the Congressional committees with jurisdiction over the Medicare program and budget and provided technical assistance to Congressional staff. We have, through all of these activities, assisted in the development of sound policy changes in the Medicare prospective payment system. OTA, which is charged by law to oversee our activities, has reviewed our accomplishments and, in its recent oversight report to Congress, noted, "OTA finds that ProPAC has made excellent progress in its second year and has emerged as a significant factor in the PPS adjustment process."

We are proud of our contributions and look forward to continuing to play an important role as a thoughtful, independent and analytically based advisory group. In our recent April report to the Secretary of Health and Human Services, we repeated the five priorities which govern our analysis and decision-making. These priorities were set forth in our first annual report to the Secretary, and continue to serve as the underlying basis of ProPAC's work. They are to maintain beneficiary access to high-quality health care; to encourage hospital productivity and long-term cost-effectiveness; to facilitate innovation and appropriate technological growth; to maintain stability for providers, consumers, and other payers; and, to base decisions on reliable, timely data and information.

The 33 recommendations contained in our recent April report flow from these priorities. I would like to submit the full list of recommendations and the Executive Summary of the Report for the hearing record. Let me briefly highlight a few of our major recommendations.

Fiscal Year 1987 PPS Recommendations

We have suggested an "update factor," or change in Medicare PPS payments, which we believe would result in a 2.8 percent increase in hospital payment per case in fiscal year 1987. This figure is derived from combining several factors, including (1) increases for inflation in the hospital market basket (adjusted for forecast errors), scientific and technological advances in the hospital industry, and real case-mix changes; and (2) decreases for changes in hospital productivitiy, shifts in site of service, and reported changes in the case-mix index. This recommendation, then, represents the Commission's best judgment as to the net change in payments needed to provide scientific and technological advances in the hospital industry, balanced by changes in hospital productivity, changes in the site of service delivery, and any change resulting in sicker Medicare patients being treated in hospitals.

In terms of maintaining the PPS system, the Commission has suggested a series of changes in diagnosis-related groups (DRGs) so that they reflect the use of new technologies and other practice pattern changes that affect the relative use of hospital resources among the DRGs. In addition, the Commission recommends that the recalibration of all the DRG weights be done annually.

The Commission also addressed the problem of adding capital payments to the prospective payment system, recommending the phase-in of these payments to PPS beginning in fiscal year 1987. We went on to suggest that the Federal portion of capital payments be computed as a fixed percentage add-on to the standardized amounts, based on a distinction between fixed and moveable capital.

The Commission addressed several recommendations in areas of particular interest to beneficiaries. Included among these recommendations are suggestions about the information beneficiaries have available to them about the PPS, the quality of care they receive under PPS, and the inappropriate increase in the beneficiary deductible caused by signficiant declines in the length of stay since PPS was implemented.

Our report concludes with a description of ProPAC's agenda for the future which will target three major areas: improving the measurement of case mix; improving and updating hospital payment amounts; and evaluating PPS effects on the quality of care.

With this background on our recent activities, let me now turn to our fiscal year 1987 budget and appropriations request.

Fiscal Year 1987 Appropriations Request

As I noted earlier, we propose a budget of $3,421,000. This compares with our fiscal year 1986 budget of $3,240,000; sequestration reduced this FY 1986 level to $3,101,000. As I mentioned before, the FY 1986 budget included the appropriation of $2,893,000 plus unexpended carry-over funds from our initial year's operation.

Our funds are expended in two major categories: Administration and Management and Data Development, Analysis, and Research. The largest portion of our funds -- budgeted for $2.42 million in fiscal year 1987 -- is in the first category and relates to personnel, facilities, supplies and other administrative functions such as accounting and publications. The remaining $1 million is expended through grants or contracts to organizations and individuals outside ProPAC. This external research and analysis provides a detailed quantitative information base for Commissioners to use in the formulation of recommendations and reports.

Administration and Management ($2.42 million)

This category includes funding necessary for payment of Commissioners for travel and time spent on Commission business;

for salary and benefits for an Executive Director and staff of not more than 25 full-time equivalent personnel; for facilities, supplies, equipment, and travel; for communications with the public, including maintenance of an extensive mailing list, publication of at least three major reports each year, and expenses associated with open public meetings of the Commission and its subcommittees; and for other administrative expenses associated with facilitating the work of the Commission.

Data Development, Analysis, and Research ($1 million)
This category represents funds from the proposed budget which are to be expended through grants and contracts with organizations and individuals outside ProPAC. We believe that an important Commission role is to identify, define and develop solutions for problem areas in the prospective payment system. Because we wish to base our decision-making on the best, most recent and thorough data and information possible, a strong analytic commitment is required. Analysis and data development which cannot be completed internally by the Commission's staff is thus included in this category of funding. These funds are critical because they allow us to extend our ability to analyze many problem areas through arrangements with expert individuals and organizations outside of ProPAC.

Our general approach to the process of seeking outside data development and analytic support has been to use the contracting mechanism, in contrast with a grant mechanism, for procurement of this work. This is because our needs are related to current, immediate policy concerns. We have established a competitive process for spending the majority of these extramural research dollars. In addition to our major expenditures for competitively contracted research, we sometimes find it adviseable to seek out experts or organizations with unique capabilities to provide data and analysis.

Our data development and research plans for fiscal year 1987 will focus in three broad areas: improving DRG classification and case-mix measurement; improving and updating the payment amounts; and, assessing the effects of PPS on care for beneficiaries. Individual studies which we anticipate within this broad scheme will include work on the development, adoption and diffusion of medical technologies; refinement of DRGs and other systems for case-mix measurement; diagnostic and procedure coding; changes in case mix, patient complexity and the site of service; measurement and definition of the hospital product; variations in nursing intensity; and quality of care studies focussed on the discharge planning and after-hospital care issue.

Staff is currently in the process of refining our research agenda, which will be discussed at Commission subcommittee meetings in May and June, and approved by the full Commission at its June meeting.

As I have indicated to this Committee in the past, I want to stress that we do not anticipate using these funds for clinical research, controlled trials or formal technology assessment. Other governmental and private sector organizations have expertise and experience in these areas. Rather, the Commission has established liaison with organizations which conduct such research. We anticipate that the Commission will continue to rely upon the work of these groups for any such formal research which is needed to support our mandate. In addition, in order to avoid any duplication of effort, we have also taken care to inform ourselves about all of the many PPS studies being undertaken by a wide variety of governmental and nongovernmental groups.

No increase in Data Development, Analysis, and Research funding is sought in fiscal year 1987.

Summary

Mr. Chairman, this completes my formal testimony. The Commission is grateful for your support of our budget over the past 2 years and for your attention, and that of your staff, to our role and responsibilities. I believe that ProPAC has contributed substantially in many ways to the public policy debate on Medicare PPS issues. Our recommendations have been cited in Congressional reports which describe and explain the enactment of important changes in the Medicare prospective payment system, and we are pleased to have had a role in these changes which have taken place over the last year. We hope to continue to provide an open, public forum for the discussion of problems and development of solutions. We will continue to weigh the various options and approaches before coming to decisions which are well-informed and based on unbiased analysis and data.

I would be pleased to answer any questions which you or members of the Committee may have.

Mr. **Natcher.** Now, Dr. Altman, the Prospective Payment Assessment Commission has been funded for almost three years. Tell us briefly what you believe are the Commission's most important accomplishments, just some of them now, since it was initially funded by this committee in fiscal year 1984?

Dr. **Altman.** Yes, sir. Mr. Chairman, moving on to the prospective payment DRG system by this country was, many would say, a gigantic experiment. Nothing like this had ever been attempted in the country; it had only been tried for two years in the State of New Jersey.

So there was a lot to learn, and Congress asked us to learn and study PPS along and provide reports and recommendations. We have given the Executive Branch and, more importantly, the Congress our best estimates of what we thought the annual increase should be.

While we have been tough, we have tried to be fair, and this year, we have recommended a 2.8 percent increase, which is about a full 2 percent below the inflation level.

Last year, we recommended about a 2 percent increase, and the Congress, after deliberating, used the analysis we had developed and reduced the increase to half a percent ultimately. But this Congressional action was based on our methodology to a large extent.

So, in that area, we think we have been some help. With respect to the structure of the DRG system, each year it gets more and more complicated, because basically medical technology and practice doesn't stand still.

We are being asked to fit these new types of technologies and procedures into the right categories and look at the structure to make sure it moves with the time.

For example, we spent a lot of time this year trying to figure out a way to pay for the new MRIs. We have come up with a unique approach, and hopefully it will be helpful to the Administration and to the Congress. We have done similar work for pacemakers.

And we are very concerned with quality of care. We want to make sure that while we attempt to cut costs, it is not at the expense of the beneficiary.

We operate a bit as a watchdog, to make sure that the beneficiaries are protected in terms of quality and in terms of how much they pay. We have made several recommendations both to the Executive Branch as well as to the Congress, to assure that beneficiaries know their rights.

Mr. **Natcher.** Doctor, when you first appeared, you will recall we talked with you about the question as to whether or not your Commission should be viewed as a permanent or temporary agency.

How do you feel about it now?

Dr. **Altman.** I think there is value in it being thought of as a temporary Commission, constantly under review by the Congress and others, to make sure that we are doing the job. It is too easy for a Commission like this to become part of the structure.

As much as I like the comfort of being considered permanent, I think there is value in having us reviewed. I think the OTA has provided a good review, and my having to come up here to justify myself before you, painful as occasionally it may be, is also a very valuable experience.

Mr. **Natcher**. The fiscal year 1986 Reconciliation Act signed by the President earlier this month provides for an expansion in the size of the Commission. Explain this change to the committee, if you will?

Dr. **Altman**. Well, as I indicated, this is a complicated system that affects all aspects of our lives, and increasingly groups that are not represented on the Commission want to have representation. I think some of these groups made their views known to others in the Congress, and they have seen fit to expand the Commission.

I also think that there is value in having all the different groups on many sides of the issues represented.

I am concerned, however, that the Commission could get too large.

Mr. **Natcher**. How much will it cost in fiscal year 1987 to support the two additional Commissioners that have now been authorized?

Dr. **Young**. Our budget estimate would increase the compensation pay to the Commissioners by $11,000. And the travel, due to two more Commissioners for the meetings we have, would increase by $13,000. So approximately $24,000 is needed for the extra Commissioners.

There may be some additional overhead expenses as well.

Mr. **Natcher**. When do you expect to appoint the two new Commissioners?

Dr. **Altman**. OTA makes the appointments, Mr. Chairman. I suspect they probably will do it within the next two to three months.

Dr. **Young**. They would like to make the appointments very soon. They have indicated a desire to get a committee together to help them with the selection as soon as possible.

Mr. **Natcher**. Insert at this point in the record a list of each of your Commissioners, a short biographical sketch and the term of office for each.

[The information follows:]

Tenure of Commissioners
Prospective Payment Assessment Commission

Name	Term of Appointment	Beginning	Expiration	Reappointment
S. Altman	3 years	4/84	3/87	
K. Bays	3	4/84	3/87	
H. Cohen	2-3	4/84	3/86	4/86-3/89
J. Colloton	3	4/84	3/87	
C. Erickson	3	4/86	3/89	
Y. Francis	3	4/84	3/87	
Sister S. Lyne	3	4/84	3/87	
B. McNeil	1-3	4/84	3/85	4/85-3/88
R. Mellman	3	4/84	3/87	
K. Mershon	3	4/86	3/89	
J. Mongan	2-3	4/84	3/86	4/86-3/89
J. Nelson	2-3	4/84	3/86	4/86-3/89
E. Saward	1	4/84	3/85	
S. Schroeder	2-3	4/84	3/86	4/86-3/89
B. Seidman	2-3	4/84	3/86	4/86-3/89
J. Shelton	3	4/85	3/88	
K. Weikel	2	4/84	3/86	
I. Wolkstein	3	4/84	3/86	

Biographical Sketches of Commissioners

Stuart H. Altman

Stuart H. Altman, dean of the Heller School, Brandeis University, is an economist whose research interests are primarily in the area of Federal health policy. Between 1971 and 1976, Dean Altman was the deputy assistant secretary for planning and evaluation/health at the Department of Health, Education and Welfare (now the Department of Health and Human Services). From 1973 to 1974, he was also deputy administrator at the Cost of Living Council. He is a member of the Institute of Medicine and president of the Association for Health Services Research. He serves on the editorial board of Policy Analysis. His recent publications include Federal Health Policy; Problems and Prospects, with Harvey M. Sapolksy; "The Impact of Cost Shifting on the Health Care System," in Health Care Commentary, Health Insurance Association of America; and "The Growing Physician Surplus: Will it Bankrupt or Benefit the U.S. Health System?" for the National Commission for Manpower and Policy. Dean Altman has also served on the President's Commission for a National Agenda for the Eighties. He has an M.A. and a Ph.D. from the University of California, Los Angeles, and taught at Brown University and the Graduate School of Public Policy (University of California, Berkeley). He is chairman of the board of directors of the University Health Policy Consortium, which includes Brandeis and Boston University.

Karl D. Bays

Karl D. Bays is chairman of the board and chairman of the executive committee of Baxter Travenol Laboratories, Inc. Mr. Bays holds a bachelor's degree from Eastern Kentucky University and a master's degree in business administration from Indiana University. He served two years as an officer of the U.S. Marine Corps. Prior to joining Baxter Travenol, Mr. Bays spent 27 years at American Hospital Supply Corporation. He joined American as a sales representative in 1958 and was named president of the distribution division in 1968. In 1970, he was named president of the corporation and elected a director. He was named chief executive officer in 1971 and chairman of the board in 1974. Mr. Bays is a director of the Northern Trust Corporation and The Northern Trust Company, Amoco Corporation, and Delta Air Lines. He is president of the Commercial Club of Chicago. Mr. Bays is an honorary director of the American Hospital Association, chairman of the McGaw Medical Center of Northwestern University and a life director of Lake Forest (Illinois) Hospital. He is chairman of the Hospital Research and Educational Trust of the American Hospital Association, and a member of the Institute of Medicine. He is a trustee of Northwestern University and a trustee emeritus of Duke University. He has received numerous honors and awards, including the Horatio Alger Award and the University of Southern California School of Business

Administration Award for Business Excellence. He has been named outstanding chief executive officer in the hospital supply industry five times by the Wall Street Transcript and Financial World magazine.

Harold A. Cohen

Harold A. Cohen is the executive director of the Health Services Cost Review Commission of the state of Maryland, and a lecturer in the Department of Health Care Organization of the Johns Hopkins University. Prior to 1972, he was on the economics faculty of the University of Georgia. He holds an M.A. and Ph.D. in economics from Cornell University, and received his bachelor's degree from Harpur College (now the State University of New York at Binghamton). He has been a leader in the development and administration of state-level cost review and rate-setting efforts. He is a member of the American Economics Association, the Southern Economic Association, the Western Economic Association, the American Public Health Association, and the Health Economic Research Organization. Dr. Cohen is the author of numerous professional publications, including "The Financing of Coronary Artery Bypass Surgery," Circulation, November 1982; "Case Mix and Regulation," Topics in Health Care Financing: Diagnostic Related Groups, Summer 1982; "Evaluating the Cost of Technology," Health Care in the 1980's, 1979; and "Controlling Medicaid Expenditures by General Price Controls," The Medicaid Crisis: What States Can Do in the 1980's, 1982.

John W. Colloton

John W. Colloton is director of the University of Iowa Hospitals and Clinics, and assistant to the university president for statewide health services. He received his B.A. in business from Loras College and an M.A. in hospital and health administration from the University of Iowa. He has held his present positions since July 1971. For the 15 years prior to that, Mr. Colloton held various positions at the University of Iowa Hospitals and Clinics. He is a member of the American College of Hospital Administrators. He is vice chairman of the Blue Cross board of directors, and has an extensive record of professional activities, including the chairmanship of the Association of American Medical Colleges' (AAMC) Council of Teaching Hospitals; the chairmanship of the Iowa Hospital Association; and memberships on the board of directors of the American Association of Hospital Planning; the AAMC executive council; the American Joint Liaison Committee, the Department of Health, Education and Welfare's Advisory Committee on the Future of Public Health Service Hospitals; and the advisory committee to the Association of Academic Health Centers' study of the impact of Federal policy changes on academic health centers.

Curtis C. Erickson

Curtis C. Erickson is the president and chief executive officer of Great Plains Health Alliance, Inc., which he joined in 1955. He is responsible to the board of directors for implementing policy and for the organization's operations which include leased and managed hospitals in a multi-hospital system. Mr. Erickson has served on a number of advisory and ad hoc committees of the American Hospital Association, including representing the AHA in the House of Delegates from Kansas and as a member of the Rural Hospital Resource Committee. He is past president of the Lutheran Hospital Association of America and the Kansas Hospital Association, and a member of the American College of Hospital Administrators. Mr. Erickson served in the U.S. Air Force Korean Conflict from 1951 to 1955. Prior to his military service, he received his B.S. in Business Administration from Fort Hays Kansas State University.

Yvette F. Francis

Yvette F. Francis is medical director of St. Albans Family Medical Center, Queens, New York, and medical director of the Sickle Cell Center for Research. Previously, she was director of medical services at Windham Children's Service in New York City, and director of pediatrics at the George and Robert Carter Community Health Center in Queens. Dr. Francis received her B.A. from Hunter College in New York City, and an M.A. in chemistry from Columbia University. She received her M.D. from Yale University. She took a rotating internship at Michael Reese Hospital, Chicago, in 1950-1951. She has had a private practice in pediatrics from 1955 to the present. In 1978-1979, she took a residency in internal medicine at Brooklyn-Cumberland Medical Center, and from 1979 to 1981 was a Hematology Fellow at Bronx-Lebanon Medical Center and Coney Island Hospital. She is a member of the American Medical Association, the National Medical Association, the American Board of Pediatrics, and the American Medical Women's Association. She is a former member of the Department of Health, Education and Welfare's Advisory Committee on Sickle Cell Disease.

Sister Sheila Lyne

Sister Sheila Lyne, R.S.M., is the president of Mercy Hospital and Medical Center, Chicago. She was appointed acting president in 1976, and in the following year became president. Previously, she was vice president for human resources and assistant vice president for ambulatory services. In the 1960s, she was a nurse therapist, a supervising clinical specialist, a nursing supervisor and instructor, and a staff nurse. She was an assistant professor in the graduate school of the University of Iowa from 1967 to 1970. She received a B.S. in nursing and an M.S. in psychiatric nursing from St. Xavier College in Chicago, and an M.B.A. from the

University of Chicago. She is a member of the Chicago Board of Health, the Board for Opinions on Professional Nursing (state of Illinois), the American College of Hospital Administrators, the Institute of Medicine of Chicago, and a trustee-at-large and member of the executive committee of the Illinois Hospital Association.

Barbara J. McNeil

Barbara J. McNeil is professor of radiology at Harvard Medical School, Brigham and Women's Hospital, and professor of clinical epidemiology, Harvard Medical School. She is also director of the Center for Cost-Effective Care, Brigham and Women's Hospital, and deputy director for residency training, Joint Program in Nuclear Medicine, Harvard Affiliated Hospitals. Dr. McNeil is a member of the Harvard-Massachusetts Institute of Technology Division of Health Sciences and Technology. She has a B.A. in chemistry from Emmanuel College, an M.D. from Harvard Medical School, and a Ph.D. in biological chemistry from Harvard University. She is board-certified by the American Board of Nuclear Medicine. Her professional and advisory activities are extensive. Dr. McNeil was formerly a member of the council of the National Center for Health Care Technology and of the board of the Association for Health Services Research. Currently, she is a member of the Institute of Medicine, the Fleischner Society, and the National Council on Radiation Protection and Measurements. She serves on the board of trustees of the Society for Medical Decision Making and on the American College of Radiology's self-assessment committee in nuclear radiology. She is the author of six books and more than 100 professional articles and reports.

Richard J. Mellman

Richard J. Mellman retired in 1984 as vice president and actuary of the Prudential Insurance Company. He had been responsible since 1976 for coordinating the company's policy on health issues in relation to developments in the private health insurance industry, the medical delivery system, and government. Earlier, Mr. Mellman held various assignments in the Actuarial and Comptroller's Departments and, from 1950 to 1975, in the Group Insurance Department, where he played a major role in the design and development of several new coverages, including major medical, long-term disability, dental, term and paid-up, and personal accident insurance. He is a Fellow of the Society of Actuaries. He is a Phi Beta Kappa from Harvard University, where he received bachelor's and master's degrees in mathematics. He has been active on many committees of associations, including the Health Insurance Association of America, the American Council of Life Insurance, the Society of Actuaries, and the American Academy of Actuaries. He is the author of several papers on health issues and actuarial subjects and was a spokesman on health policy issues for the insurance industry. Mr. Mellman is a past member of the

Council on Financing of the American Hospital Association. He has been a member of several New Jersey study commissions concerned with numerous health issues, including long-term care and hospital corporate structure.

Kathryn M. Mershon

Kathryn M. Mershon is the corporate vice president for nursing of Humana, Inc. In the Nursing Department, her responsibilities include providing a framework for achieving quality and consistency in nursing practice in all Humana hospitals. She is also responsible for overseeing the Corporate Management Engineering Department where she maintains the corporate productivity monitoring system for over 5000 cost centers in the 83 domestic hospitals. Prior to joining Humana, Ms. Mershon was the associate executive director for nursing of St. Joseph Infirmary. Previously, Ms. Mershon was a clinical nursing specialist, an inservice instructor, a IV therapist, and a staff nurse. She attended the St. Francis Xavier Hospital School of Nursing in Chicago and received her B.S. in Nursing from the Spalding University. She is a member of several professional organizations, including the American Nurses Association, the Kentucky Nursing Association, and the American Organization of Nurse Executives. She serves on the board of directors of the National League for Nursing, the editorial review board of Nursing and Health Care and is an adjunct assistant professor of nursing at Spalding University.

James J. Mongan

James J. Mongan is the executive director of the Truman Medical Center, Kansas City, Missouri. From 1979 to 1981, he was the associate director for health and human resources, Domestic Policy Staff, the White House. He was deputy assistant secretary for health policy, and special assistant to the Secretary for National Health Insurance, of the Department of Health, Education and Welfare from 1977 to 1979. For the seven years prior to that, he was a professional staff member of the Committee on Finance, U.S. Senate. He received his A.B. and his M.D. from Stanford University. He holds assistant professorships in the School of Nursing and in Health Care Administration at the University of Missouri, Kansas City. He is a member of the governing council of the Public-General Hospital Section of the American Hospital Association, the chairman of the Missouri Hospital Association Council on Research and Policy Development, and a member of the Missouri State Medical Association Commission on Continuing Education and Health Manpower.

John C. Nelson

John C. Nelson is a practicing obstetrician and gynecologist in Salt Lake City, Utah. He received his bachelor's degree in zoology from Utah State University, and his M.D. from the

University of Utah College of Medicine. He took his internship at the Providence Hospital in Portland, Oregon, and a residency with the Department of Obstetrics and Gynecology of the University of Utah. He is board-certified by the American Board of Obstetrics and Gynecology, and a Fellow of the American College of Obstetrics and Gynecology. He is a member of the American Medical Association, a delegate to the Utah State Medical Association House of Delegates, and American Medical Association delegate from Utah. He serves on the editorial board of the Utah Medical Bulletin, the Board of Utah Health Cost Management Foundation, and on the American Medical Association's Health Policy Agenda for the American People -- Work Group on Evaluation, Assessment, and Control. Dr. Nelson has been involved in cost-containment efforts at local and state levels and is active in the American Cancer Society and numerous other medical and civic efforts.

Ernest W. Saward

Ernest W. Saward is, since 1970, Professor of Social Medicine and Professor of Medicine at the University of Rochester School of Medicine and Dentistry, Rochester, New York. From 1970 to 1980, he was also Associate Dean for Extramural Affairs at that institution. In 1978-1979, he was a Fellow at the Center for the Advanced Study in the Behavioral Sciences, and a Visiting Professor of Medicine and of Family, Community and Preventive Medicine, at Stanford University. From 1945 to 1970 he was the Medical Director, Permanente Clinic, Kaiser Foundation Hospitals and Kaiser Foundation Health Plan, Portland, Oregon. His A.B. is from Colgate University, and he received his M.D. degree from the University of Rochester. He is a Fellow of the American Association for the Advancement of Science, a member of the Institute of Medicine, vice chairman of the New York State Hospital Review and Planning Council, and a present or former member of a great many other committees and professional activities, including the Health Insurance Benefits Advisory Council (chairman), the National Professional Standards Review Council (chairman), and the Group Health Association of America (chairman of the board). He has published extensively on the topics of health care organization, especially prepaid group practice, quality control and peer review, and health cost control.

Steven A. Schroeder

Steven A. Schroeder is chief of the Division of General Internal Medicine and professor of medicine at the University of California, San Francisco (UCSF), and a member of the Institute for Health Policy Studies at the university. He is a practicing general internist and an attending physician at UCSF hospitals. He has a B.A. from Stanford University and an M.D. from Harvard Medical School. From 1971 to 1976, he was on the faculty of the George Washington University (GWU) Medical Center, and from 1972 to 1976 was the medical director of the GWU Health Plan. In 1976, he became an associate professor in the Department of Medicine at UCSF. He was a visiting professor in the Department of Community Medicine of St. Thomas's Hospital Medical School, London, in 1982-1983. He is a diplomate of the American Board of Internal Medicine, a Fellow of the American College of Physicians, and a member of the Institute of Medicine, and is president of the Society for Research and Education in Primary Care Internal Medicine. Dr. Schroeder serves on the editorial boards of several journals, and is a consultant and adviser to numerous organizations. He has published extensively on such topics as primary care, physicians and medical technology, preventive medicine, clinical iatrogenesis, and physician reimbursement.

Bert Seidman

Bert Seidman has been the director of the Department of Occupational Safety, Health and Social Security of the AFL-CIO, Washington, D.C., since July 1983. From 1962 to 1966, he was the AFL-CIO European economic representative stationed in Paris and then Geneva. Prior to that, he served for 14 years as an economist in the Research Department of the AFL and AFL-CIO. In 1966, he became director of the AFL-CIO Social Security Department. He was a member of the U.S. labor delegation to the annual conference of the International Labor Organization (ILO) from 1958 to 1976, and from 1972 to 1975 was a member of the ILO governing body. In 1973 and 1974, he was the U.S. worker delgate to the ILO conference. He has served on numerous committees, including the Federal Advisory Council on Employment Security, the Advisory Council on Health Insurance for the Disabled, the Task Force on Medicaid and Related Programs, the Advisory Council on Social Security, the Federal Hospital Council, the Health Insurance Benefits Advisory Council, the Blue Cross Advisory Committee, the 1981 White House Conference on Aging (the Advisory Committee and Chairman of the Technical Committee on Retirement Income). At present, he is a member of the HMO Industry Council, the board of trustees of Group Health Association of America and the National Advisory Committee to the Robert Wood Johnson Foundation on Community Programs for Affordable Health Care, and is a vice president of the National Consumers League.

Jack K. Shelton

Jack K. Shelton is manager of the Employee Insurance Department of Ford Motor Company, which he joined in 1956. He is responsible for the financial control and analysis of all employee benefit plans except pension and savings and stock plans, including participation in union negotiations, insurance carrier relations, financial control of company-administered plans, and reviewing changes in wage and benefit programs for foreign subsidiaries. Mr. Shelton is actively involved in a number of local and national health care organizations, serving as a director of the National Fund for Medical Education and a member of the Statewide Health Coordinating Council in Michigan. In 1985, he was a member of an

Office of Technology Assessment Advisory Panel on Alternative Physician Payments for Medicare, and was chairman of the Employer Prospective Payment Advisory Commission for the Washington Business Group on Health. He is past chairman of the National Industry Council for HMO Development, the Michigan Health Economics Coalition, the Michigan Hospital Capacity Reduction Corporation, and the Health Alliance Plan (Michigan's largest HMO). Mr. Shelton received his B.S. and M.S. degrees in industrial psychology from Oklahoma State University.

M. Keith Weikel

M. Keith Weikel has served since December 1984 as executive vice president and chief operating officer, Manor HealthCare. He previously served as group vice president of American Medical International (AMI) of Los Angeles and president of Friesen International, an AMI subsidiary based in Washington, D.C. He is the 1983 president of the Federation of American Hospitals. Dr. Weikel received a master of science degree in pharmacy administration, and a Ph.D. in marketing and economics from the University of Wisconsin. Prior to joining AMI in 1978, he worked seven years for the Department of Health and Human Services where, as commissioner of the Medical Services Administration, he administered the Medicaid program. His private sector experience also includes five years with the U.S. subsidiary of a major international pharmaceuticals firm.

Irwin Wolkstein

Irwin Wolkstein is a principal officer in the consulting firm of Health Policy Alternatives, Inc., located in Washington, D.C. From 1975 to 1978, he was associate director of the Washington office of the American Hospital Association, where he was responsible for dealing with legislative and regulatory issues in the health field. Prior to 1975, he was deputy director of the Medicare program in charge of program policy, and director of the Social Security Administration's legislative activities in regard to health insurance. He served as the principal Social Security Administration adviser to the Congress on Medicare proposals. Mr. Wolkstein is a graduate of the University of Michigan, and is the author of more than 20 published articles on health policy and financing, including "Hospital Financing -- the Impossible and the Possible Dream," *Bulletin of the New York Academy of Medicine*, January 1979; and "Health Technology: the Hope and the Fear," *Medical Instrumentation*, May-June, 1978.

Mr. NATCHER. Your 1986 budget was reduced by 4.3 percent under Gramm-Rudman-Hollings. What impact has this had on the operation of the Commission?

Dr. ALTMAN. At that time, we were slightly understaffed. In talking to the Executive Director, we decided that for this year, we would not staff up for that position, which was needed, quite frankly.

We are not overstaffed, and we made the decision to take the majority of the funds out of that one slot. With the two new Commissioners coming on, our request puts that position back in.

It is not something we would like to permanently be without.

Mr. NATCHER. The most important role assigned to your Commission under the 1983 amendments is to recommend changes in the medicare payment rates each year. This is the so-called April Report, the first of which was issued in 1985.

What effect do you believe this report had on Congress and the Executive Branch?

Dr. ALTMAN. Well, I can honestly say it is not clear that the Executive Branch really listened. They had gone pretty far down the road in terms of making their decision before we issued the report. They did review it, though, and while we didn't agree, we had a long dialogue with them.

The various Congressional committees, however, did use the report. Much of the methodology that we adopted in our report was ultimately adopted by the committees. The increase of half of one percent that Congress recommended and ultimately the President signed is less than our 2 percent recommendation.

Since that time, ProPAC studies have found that the hospitals had received more money than anticipated due to unanticipated factors related to the transition to national rates, so the half a percent really flows from the 2 percent.

We like to believe, and the record would show, that the Congress did listen quite carefully to our recommendations.

Mr. NATCHER. Mr. Conte.

Mr. CONTE. Thank you, Mr. Chairman.

Dr. Altman and Dr. Young, I want to join the chairman in welcoming you here before the Subcommittee this afternoon. Some impressive things have been happening with this Commission in the last year, and from all reports, you are doing an excellent job.

With that in mind, Dr. Altman, and with the Commission now solidly on its feet, making recommendations to Congress and the Secretary, what do you see as the goals of this Commission over the next five years or so? Do you see yourself broadening the mandate originally given to the Commission, or will you continue to concentrate in the areas you now cover?

Dr. ALTMAN. When we first started, I as the chairman made a very clear statement to the Commissioners that we would stick to the narrow mandate of the law.

As we became more comfortable with our responsibilities, we have each year taken on one or two areas that are clearly relevant to what the Commission is responsible for, but don't fall in a very narrow interpretation.

Last year, we became very concerned about the issues of disproportionate share hospitals and the transition to national rates. We became convinced that there was not sufficient information for the Congress to make a reasoned decision on the transition, so we issued a report on the transition and completed additional analytic work on disproportionate share hospitals.

This year, afer watching the discussion going on for two years, we decided to take on several other issues. We are very concerned about assuring that quality is adequately addressed. We are also concerned about the issue of what we call the A-B problem, the extent to which services that used to be paid for by Medicare Part A are now paid for under Medicare Part B.

Thanks to your committee, that is, as a result of your urging, we have also looked at the broader issue, what impact is PPS having on our health care system? This is no marginal issue.

We are not talking about just the Federal Government. Our February report on PPS and the American Health System has received quite favorable review. It forced the Commissioners to take a broader view of their mandate.

So the answer would be, sir, while we think that our role in the technical sense is very important, I would like to think that as we mature, we will each year take on two or three broader issues. This will make sure that we don't lose a view of the forest because we are just looking at the trees.

Mr. CONTE. One issue that I am particularly interested in, and one that I was glad to see you cover in your recent report, is the inappropriate increase in the beneficiary deductible caused by significant declines in the hospital length of stay since the PPS system was initiated.

First of all, can you explain how the hospital deductible is calculated, and why we have seen increases in the past two years?

Dr. ALTMAN. The hospital deductible is an average payment for an average day of care. Originally, when medicare paid for care on a per diem basis, the deductible took the average per diem for the whole country for the previous year and divided it and came up with a number. This was very straightforward and it flowed right from the methodology of how hospitals were paid.

Now, the medicare program pays hospitals on a per admission basis, and so, the hospitals, faced with that new incentive, have been squeezing the length of stay. Now under PPS hospitals are getting a set amount of money, for fewer days of care, but the methodology for calculating the deductible is still based on the old methodology. Now you are dividing fewer days into, say, the same amount of money, and just the simple arithmetic leads to an increase in the deductible.

It was our view that this was not the Congress' intent. It is the equivalent of a tax increase that was never legislated. We have suggested in our recommendations that if you are going to have a new payment system, you should have a new mechanism for calculating the deductible. We have suggested a mechanism which brings the deductible back to where it was when the PPS program started, at 8.5 percent of the total payments.

Mr. CONTE. Good.

Of course, another issue that we are all concerned with is quality of care. Are beneficiaries getting the services they need, or is the system so focused on cost savings that we jeopardize their care?

And what recommendations has the Commission made in this area, and do you think there are some substantive issues that we need to address immediately on this?

Dr. **Altman**. This turns out not to be an easy question to answer. The cost-based reimbursement system encouraged physicians and hospitals to do everything that they thought appropriate.

As a result, the system had a tendency to overspend. Anybody who has looked at the system agreed. This included keeping people in the hospitals for an extra day or two to be on the safe side.

Now, the incentives have changed, and the hospitals and physicians are being asked to take a hard look at whether those last few days are necessary.

As the medical community recalibrates, as they get closer to that invisible line that is just the right number of days but not too many, there is no question that they are going to slip over and go on the wrong side every once in a while not intentionally, but it is going to happen.

I think it is important that the government and other groups make sure that hospitals and physicians don't slip over the line too often. Ideally, you would never like them to slip over the line.

There are also going to be a couple of unscrupulous physicians or hospitals that may decide to slip over a little too much, and we should come down hard on them.

To what extent is there any systematic slipping over the line, if you will, or underprovision of care? Our assessment so far is that we have not seen it. That doesn't mean it doesn't exist or won't in the future, but our assessment so far is that quality of care is a concern, but not in a crisis level. In our February and April reports we went into some detail about the information we have.

Now, again, I want to emphasize, that does not mean quality could not deteriorate in the future. That incentive I described is still there, and we have a responsibility for making sure that the medical community doesn't fall over that line. But to say that there is a crisis out there now is a little premature.

Dr. **Young**. I agree.

Mr. **Conte**. Beginning with the fiscal year 1987 budget, the Commission will have used up the remaining unexpended carryover from your first year of operation.

Is the $3,400,000 request for 1987 about where you see the Commission's budget over the next few years, or do you see it increasing in future years? You mentioned a little small increase for the two Commissioners. Any substantial increases?

Dr. **Altman**. Well, we recognize that the economic budget environment is tight. Originally, we had done a careful study and considered asking for a substantial increase in our analytical budget.

We do need it, but so does everybody else, and it seemed inappropriate and imprudent for us to request an increase.

$3,400,000 will continue to allow us to do the work we have been doing. We could use more money, but we are not requesting it.

Mr. **Conte**. You are really fair about the whole thing.

In your recent report, you come out recommending a 2.8 percent increase in payments made under Medicare for inpatient hospital care. What do you think will come of that proposal, given the fact that the budget assumes something closer to just 2 percent; and what is the cost difference between what you are proposing and what is in the budget?

Dr. **Altman**. The difference between 2 percent and 2.8 percent is about $300,000,000, Mr. Conte. It sounds like a lot of money, and I wouldn't mind having it myself, but in the nature of the size of the Medicare program, the difference is very small.

Bear in mind what life was like before DRGs. Before DRGs, one was talking about inflation plus 4 or 5 percent. Now we are being accused as giveaway people, because we suggest an increase of inflation minus 2 percent.

We have tried to come up with the toughest number that is consistent with maintaining quality of care. We believe that is what you asked us to do. If you decide as a Congress, that for special reasons, you want to go below that, that is what you are supposed to do. It would be remiss on our part to anticipate what you want and give you the "right" number, so we came up with the toughest number we could.

Mr. **Conte**. It is pretty close.

Did you say the whole 15 Commissioners are on board now?

Dr. **Altman**. Yes, we have had 15 Commissioners. We had one replacement in the first year. We just had two replacements appointed, and they will be in their first meeting in May. The Congress has now asked us to add two more Commissioners.

Mr. **Conte**. There will be 17.

Dr. **Altman**. Yes.

Mr. **Conte**. If you get the Commission too large it may become unworkable.

Dr. **Altman**. So far, the number is right. I can't say that 17 is unworkable, but you know, you begin to move to a group that you can't deal with.

Mr. **Conte**. How about staff people?

Dr. **Altman**. We are budgeting for 25. Don has done an amazing job of trying to juggle this, and to maintain the responsiveness of the staff. We have met our deadlines every time, and for people who know me, that is a miracle! It has nothing to do with me, but thanks to Don and his staff.

25 people turns out to be a number that we use well. I would hate to think that, because we took our Gramm-Rudman cut in the staff position, because that position just wasn't filled, that people would say, well, if they can get along with 24, they can get along with 23.

We have asked that we stay where we are.

Mr. **Conte**. I think you deserve it.

How is your relationship with the Health Care Financing Administration? Is it good? Have they been helpful?

Dr. **Altman**. I can honestly say, given the potential conflicts that can develop in this kind of relationship and what people were predicting about it, overall our relationship is very good.

Dr. **Young**. At the staff level, it has been excellent. Data has been given to us in a very timely manner. We talk about the various research projects we have underway to avoid duplication, and they are very straightforward.

We are pleased with the day-by-day working relationships with the staff. They realize there comes a time when the Commission is going to make some judgments, and the Secretary will make some policy decisions, and we will disagree at the bottom line.

It has been a very positive working relationship.

Mr. CONTE. That is good.

Last year, as you know, there was some concern over the amount of time built into the decisionmaking process for public comment. I know you were also concerned about this. What have you been doing to address this?

Dr. ALTMAN. Yes, that was mainly on the HCFA side. The concern was the extent to which—oh, I think what you are referring to is the amount for public comment on our activities.

Mr. CONTE. Yes.

Mr. ALTMAN. First, where possible, every decision made by the Commission is a tentative decision. This is a signal that we have made this decision, and anyone who is interested and who has something to add can come before us or go to the staff before a final decision is made.

In our meetings, we don't wait for public comment until the end of the meeting. Before any vote takes place, I will ask the public for their comments. They are usually very knowledgeable. Our experience has been very good and members of the public are often right on target.

They provide us with evidence and assistance, so we have tried hard to bring them in at the staff level and at the Commissioner level.

I think this situation has improved. Also, Don and his staff have gone to great lengths to make sure that the information gets out to the people. What we can't do, is make copies of our staff papers available in a draft form, before Commissioners have seen them. You know how difficult that is.

They want it before we write it.

Mr. CONTE. Yes.

How do you decide what issues you will take up?

Dr. ALTMAN. A combination of things. We are responsive to outside groups that come before us and say, we have this problem, or this DRG is not working. We have a review process, and look at how important the procedure or problem is.

We look at whether or not other groups have been convinced that there is a problem. We have broken into subcommittees and a subcommittee will look at particular areas.

Once we decide that a subject should be reviewed, staff goes about the business of collecting the information, providing it to the subcommittee. Then the subcommittee makes a recommendation and brings it to the full Commission. Staff has tried to develop a generic approach, so that we are looking for problems that cut across many DRGs.

For example, this year, thanks to the work of the staff, we uncovered a problem that deals with high device costs—those DRGs that have built-in high costs because of devices.

The DRG system didn't recognize the device cost, so we looked at the DRGs, and developed a procedure and made a recommendation which dealt with device costs. So it is staff, outside groups and Commissioners.

Dr. **Young**. This year, we are going through a formal public planning process. We published a notice in the Federal Register saying we are interested in hearing from the public. In May the subcommittees will meet in public session, and review what their work plan is for the next one to two years. In our June Commission meetings, we will go through a final approval, so there is ample opportunity for the public to comment.

Mr. **Conte**. It has been recommended that you hire interns that would not be counted as part of your 25-member staff? Has that been done?

Dr. **Young**. No. Currently, the staff ceiling of 25 plus Executive Director includes all personnel for whom there is a personal action.

Since we are currently not at our ceiling and having interns is very productive for us, we have made arrangements for interns. We currently have one on board, and we will have three more this summer.

If we were to staff up to full 25, then we could not have interns. Or we would have to have less full-time staff in order to have the intern, because interns do count as a full-time equivalent.

Mr. **Conte**. The statue authorizing the Commission also provides some latitude in developing your own information, allowing for research and experimentation.

What areas have you seen as lacking in adequate information development, and where have you sought to use this authority to conduct your own research?

You can get that for the record.

Dr. **Altman**. Yes.

[The information follows:]

ProPAC Research Activities

The ProPAC analytic and research activities over the last year have been concentrated in several areas: the study of hospital labor market areas; changes in casemix and patient complexity; modeling of hospital payments as the prospective payment system moves to fully national payment rates; and a series of studies of particular technologies and practice patterns, such as pacemakers, heart transplants, and lymphomas and leukemias. Other more limited studies have been completed on perceptions of quality of care under PPS, the PPS market basket, capital, and the discretionary adjustment factor. For next year, major research will be expanded in some of these areas and will also involve the areas of allocation of nursing costs; post-acute care services in hospital transitional care units; targeted studies designed to identify problems with particular DRGs or patient groups, and, systematic evaluation of the DRGs to address the issue of variability in resource use, or heterogeneity, within the DRGs. Some of these projects were completed extramurally, through contracts, while others were directed by ProPAC staff, utilizing extensive computer support services.

Mr. **Natcher**. The fiscal year 1985, 1986 and 1987 budgets include $1,000,000 for research contracts. What do you consider to be the most important results as far as this research is concerned?

Dr. **Altman**. This $1,000,000 has allowed us to, first of all, develop a data system that makes us responsive to the demands of both the Commission and the Congress and others.

We now have the capacity to go in and break apart that DRG system and answer questions and understand it the way we never would have been able to before.

Also, we identified early on a series of areas that were critically important for the DRGs.

I might add that we have stayed away from large-scale or chemical research. We don't view that as our responsibility, even though it is allowed under our legislative mandate. The kind of research we do is very germane to the questions we are asking and focusing on, such as the issue of quality of care.

We have looked at case mix, to find out the extent to which the case mix varies, and the issue of wage adjustment, to make sure urban and rural areas are treated correctly.

We have had special contractors looking at that. We have reviewed issues related to technology concerns. So we have about a dozen areas that we are using the $1,000,000 in research and data development funds.

Mr. NATCHER. What about your research budget now? Do you award competitive contracts?

Dr. ALTMAN. Most of our research funding is competitive. There have been a few areas where there was only one vendor with certain information which we needed, and it was either a question of dealing with them, or we didn't get it.

Dr. YOUNG. Most are competitive. There are some that are occasionally sole source.

Mr. NATCHER. The 1987 budget request includes funds for 26 staff. Our understanding last year was the law limited staffing to 25 FTEs. Would you explain this change to us?

Dr. YOUNG. That was misinterpretation of our initial reading of the statute. The statute says that the Commission shall have an Executive Director and a staff of 25, making it 26 altogether.

Mr. NATCHER. Apart from the legal issues, tell us why you believe that the Commission needs an additional staff person?

Dr. ALTMAN. Basically, we are not asking for an additional staff person as much as maintaining the staff that we have had at times. It particularly becomes important with the additional two Commissioners, and the pressures on us.

We anticipate next year being a busy year.

Mr. NATCHER. How many staff FTEs will the Commission utilize in fiscal year 1986?

Dr. YOUNG. 26. We are currently staffed at about 23.

Mr. NATCHER. All right.

According to the table which appears on page 22 of your budget, half of the Commission's staff earn in excess of $40,000 per year. How do you determine the salary levels for your employees?

Dr. YOUNG. It is determined on the basis of previous salary level and by the standard of the GS ratings. We have, at your staff's request, presented both forms of looking at salary levels. The salary level of $40,000 and above is at the GS-13 range, with the salary levels of $50,000 at the GS-14 and GS-15 range.

The way we have done it is, first, by looking at the qualifications and abilities of the individual when they initially apply for a position within the Commission, and at their salary level at entry to the Commission.

Then we have an internal mechanism used for periodic review of all employees, and for salary adjustment at the time of a periodic review. This system of review is based on an evaluation system similar to the one the Executive Branch uses through OPM; it has five categories that allow assessment.

Mr. NATCHER. What is the average salary of your staff as of today, and tell us how it compared with a year ago?

Dr. YOUNG. I don't have the exact level, but in the past year, there has been a freeze on government salary increases. Seven of my staff did receive increases related to either step increases or to career ladder increases, so seven out of my total staff got increases. Those seven increases totaled $24,000.

So, for a staff of 23, that averages out to slightly over $1,000 per person.

Mr. NATCHER. All right, Dr. Altman, as you know, Congress has just authorized a new Commission to study physician payments under medicare.

In your opinion, is a separate Commission necessary to study this issue?

Dr. ALTMAN. It is quite complicated, quite different than what ProPAC is all about. This area is certainly in need of review and change. I can see value in a Commission, Mr. Chairman. I don't think this new Commission necessarily would or should function the way ProPAC does, but I can see value for a Commission that would last for a limited period of time and make a report to the Congress.

Mr. NATCHER. Based on your experience, and Dr. Young's experience, how long would it take to set up a Commission like this?

Dr. ALTMAN. I would say probably three months, four months, six months on the outside.

Mr. NATCHER. All right, could your Commission carry out the responsibilities of the physician commission, if given the finances and staff resources to do the job?

Dr. ALTMAN. ProPAC itself?

Mr. NATCHER. Yes.

Dr. ALTMAN. It would require different Commissioners. Some of ProPAC's Commissioners have the background to deal with both subjects, but many of our Commissioners were selected for different expertise. Some of us think that we can do anything, but I think it is fair to say that we would need a different mix of people. Our staff is extremely good, but there, too, they have special skills that may not be the same as those needed by the Physician Review Commission.

While it is possible, it would require a substantial amount of additional staff, and a substantial amount of new Commissioners, and new space, so it would take us a fair amount of time, too.

Mr. NATCHER. Also additional money?

Dr. ALTMAN. Yes, sir.

Mr. NATCHER. When you get the transcript back, take a look at this for us now, and tell us, take a good ball park guess as to what it would take money-wise, and put us a figure in there.

[The information follows:]

PHYSICIAN PAYMENT REVIEW COMMISSION BUDGET

The following general information is provided to assist in the development of a possible annual budget for the new Physician Payment Review Commission. The information below is based on ProPAC experience and budget figures. Some figures come from our start up period (for example, funds needed for items such as equipment are from fiscal year 1985 actual funding) and other figures are based on our current fiscal year 1986 budget (for example, salaries, benefits, etc.). The figures listed below would have to be further developed in order to come to a final, total budget. For example, staff salaries, benefits, and travel would be multiplied by the number of staff anticipated for the Physician Commission. Also, the information does not include any allotment for data development and analytic support such as mainframe computer time or extramural research or contracts.

Staff Salaries (average per person) $40,000.

Commissioner Salary (Based on $278 per day, average of 14 days per year) $3,894.

Benefits (average per person) 11.2%.

Staff travel (average per staff) $900.

Commissioner travel (average per Commissioner) $5,000.

GSA administrative costs—$38,000 (based on FY 85, start-up year) SLUC—$80,000.

Contracts for meeting rooms—$3,500 per meeting (includes court reporting, audio visuals, etc.).

Supplies—$17,000 (FY 85, start-up year).

Equipment—$30,000 (FY 85, start-up year).

Communications (FY 85): Telephone—$25,000; Postage—$16,000.

Duplication and Printing—$12,000 (estimate based on FY 86 ProPAC duplication and printing costs for 1 formal report).

Mr. NATCHER. Dr. Altman, we want to thank you and your associates for appearing before our committee at this time on behalf of your budget request for the fiscal year 1987. It has been a good hearing. The committee will now adjourn until 10:00 in the morning.

[Whereupon, at 4:00 p.m., the subcommittee recessed, to reconvene at 10:00 a.m., Tuesday, April 22, 1986.]

[The following questions were submitted to be answered for the Record:]

House Appropriations Questions - For the Record

Recent ProPAC Reports

Mr. Natcher: You have recently issued your second April report as well as the report on access and quality which this Committee requested. Would you review for us briefly the contents of these reports?

Dr. Altman: Our February Report, Medicare Prospective Payment and the American Health Care System, requested by this Committee, reports to the Congress ProPAC's initial observations about the changes PPS has caused. More time must elapse before sufficient data are available to provide an overall assessment of the effects of PPS on the American health care system, but our inital findings are that the new payment system is responding to the incentives of a per-discharge DRG-based payment. Our findings are perhaps best summarized in a table published in the report, indicating expected and observed consequences of the Prospective Payment System, reproduced below:

Table 1. -- Expected and Observed Consequences of the Prospective Payment System

Health System Feature	Expected Response	Observed Response
Average length of inpatient stay	Reduction	Reduction
Admissions	Increase	Reduction
Hospital employment	Reduction	Reduction
Medical residents and interns	Increase	Uncertain
Increases in hospital costs		
Increases in cost per day	Uncertain	Higher
Increases in cost per admission	Lower	Lower
Increases in cost per capita	Uncertain	Lower
Captial spending	Increase	Increase
Hospital financial condition	Uncertain	Improved

Coding and case complexity	Increase	Increase
Surgery	Increase	Increase
Adoption of technology	Reduce	Uncertain
Need for post-discharge services	Increase	Increase
Hospital management	Improved	Uncertain
Quality and access	Uncertain	Uncertain

Our second annual Report and Recommendations to the Secretary, U.S. Department of Health and Human Services contains 33 recommendations for updating the PPS payment amounts and adjusting the DRGs. In addition to recommending an increase in fiscal year 1987 PPS rates of approximately 2.8%, ProPAC also included in this report: a series of recommendations on inclusion of capital payments within PPS; recommendations on recalculation of the standardized amounts using more current data and annual recalibration of the DRG weights; recommendations on quality of care and other beneficiary concerns; recommendations to improve case-mix measurement and coding practices; and recommendations involving a series of other changes in the DRGs to provide adjustments and equity in the classification of diagnoses for payment purposes.

Mr. Natcher: Would it make sense in future years to combine the February and April reports in a single document?

Dr. Altman: It would be quite possible to combine the reports, because much of what we do for the February report is background analysis which is necesssary for the recommendations which we present in the April report. The February report has been very well received, however, and we have become excited about the contributions which we can make through it. Therefore, while we will consider the possibility of combining the reports, we may very well conclude that the February report should continue as a separate document. One of the more important reasons for this is that the February report seems to be useful to a wider group of people in the health care community than is the April report, which is focused strictly on the functioning of the Medicare prospective payment system. In addition, the practical implications of combining two already large volumes may become difficult.

Mr. Natcher: Insert in the record at this point the executive summary of your November, February, and April reports?

(Copies attached)

Report and Recommendations to the Secretary, U.S. Department of Health and Human Services, April 1, 1986

Executive Summary

In its April 1986 report, the Prospective Payment Assessment Commission (ProPAC) conveys its recommendations to the Secretary of the Department of Health and Human Services (HHS) on ways to update and improve the Medicare prospective payment system (PPS). The 33 recommendations reflect the key concerns of ProPAC's 15 commissioners. The proposed changes are necessary, in the Commission's view, to maintain access to high-quality health care, encourage hospital productivity and long-term cost-effectiveness, and facilitate innovation and appropriate technological change.

This summary highlights the major areas addressed in the recommendations.

Update Factor.—The Commission estimates that its update factor recommendation would result in a 2.8 percent increase in hospital payment per case for fiscal year 1987. That figure is derived from combining several components. These are: 1) increases for inflation in the hospital market basket (adjusted for forecast errors), scientific and technolgical advances in the hospital industry, and real case-mix changes; and 2) decreases for changes in hospital productivity, shifts in site of service, and reported changes in the case-mix index.

Sharing of Gains.—The Commission believes that hospitals, beneficiaries, and the Medicare program should share gains achieved under PPS. In this connection, the Commission urges legislative change in the formula determining Medicare beneficiaries' inpatient deductible. This change is necessary because of the inappropriate increase in the deductible caused by significant declines in the length of stay experienced since the beginning of PPS.

Capital.—The Commission recommends that beginning in fiscal year 1987 hospital capital payments be phased into PPS. The Federal portion of capital payments should be computed as a fixed percentage add-on to the standardized amounts based on a distinction between fixed and moveable capital. Such a system should be initiated in fiscal year 1987 with respect to moveable equipment. Federal payments for fixed plant and equipment, however, should replace cost reimbursement during a seven- to ten-year transition period.

Incorporating Technological Change.—The Commission recommends annual recalibration of diagnosis-related group (DRG) weights to reflect new technologies and other practice changes that affect the relative use of hospital resources among the DRGs. The Commission's recommendations on individual DRG classification and calculation of payment amounts would modify the current DRG system to incorporate costly new technologies, and respond to special problems like the high costs associated with increased use of sophisticated cardiac pacemakers.

Beneficiary Information.—Concerns and perceptions that PPS is adversely affecting the quality of care Medicare beneficiaries receive prompted the Commission's call for disseminating information to Medicare beneficiaries and providers about PPS and how it functions. Beneficiaries must understand how to utilize the Medicare appeals system to protect their right to appropriate hospital care. The Commission is deeply concerned about reports that DRG-specific average lengths of stay have been inappropriately used as maximum limits on hospital stays.

Quality of Care.—All of the Commission's recommendations regarding the update factor and DRG classifications were formulated with consideration of quality of care. The Commission is particularly concerned, however, about the role that Peer Review Organizations (PROs) play in this vital area. To the extent possible, PRO quality of care review should focus on the entire episode of care, including skilled nursing and home health care. In addition, the Commission recommends that PROs extend their review to selected outpatient surgery cases.

Adjustments to the Payment Formula.—The Commission reiterates its recommendation for prompt action on two PPS payment distribution problems. An adjustment to PPS rates should be implemented for hospitals serving a disproportionate share of low-income patients. Furthermore, the definition of hospital labor market areas should be improved, primarily by identifying additional labor markets within current definitions of urban and rural areas. The Commission is also concerned about the special problems of rural hospitals and the beneficiaries they serve.

AGENDA FOR THE FUTURE

The Commission's future analytic agenda calls for further study in three broad categories: improving the measurement of case mix, improving and updating hospital payment amounts, and assessing the effects of PPS on quality of care. Activities in these categories include the following:

- Improving the measurement of case mix:
  - —Analyses to support incorporation of new and changing technology and practice patterns into the DRG system.
  - —Examination of heterogeneity and case complexity on a DRG-specific basis, broadening the scope to all DRGs.
  - —Research on issues that cut across the measurement of case mix and payment amounts, such as outlier payment policy, and high device costs and the labor/nonlabor portion of the payment amounts.
- Improving and updating hospital payment amounts:
  - —Studies to further refine the discretionary adjustment factor (DAF), to improve the data and methods used to calculate the payment amounts, and to examine issues related to the hospital market basket.
  - —Analyses of issues related to the calculation of payment components, such as the area wage index adjustment.
  - —Evaluations of ProPAC's capital recommendations and the effects of paying for capital through PPS.
- PPS effects on quality of care:
  - —Studies using existing data to identify quality of care problems among targeted patient groups, such as the frail elderly.
  - —Research on hospital discharge planning services to assess how well hospitals link inpatient hospital care with needed postdischarge care.
  - —Assessment of methods to study the entire episode of illness in order to understand the relationship between shortened length of stay, the use of medical services at alternative sites of care, and health care outcomes.

This report appears shortly after publication of ProPAC's report to the Congress, *Medicare Prospective Payment and the American Health Care System*, which documents the impact of PPS during its first year. The two reports convey the Commission's conclusion that PPS is clearly achieving a number of its intended objectives. They also underscore the need for continued assessment of the consequences of PPS and for implementation of measures to improve the system.

REPORT ORGANIZATION

Chapter 1 discusses the Commission's role and the processes it uses to fulfill its mandate; changes in health care financing and public policy that occurred during 1985; and the commissioners' chief concerns. ProPAC's 33 recommendations for improving the prospective payment system are presented in Chapter 2 under three broad categories: improving DRG classification and case-mix measurement; improving and updating the payment amounts; and assessing the effects of PPS on care for beneficiaries. The Commission's proposed analytic agenda is outlined in Chapter 3, which describes areas and issues that ProPAC intends to study in 1987 and beyond.

The Technical Appendixes, a separate volume accompanying the report, contain both descriptive and analytical pieces developed by staff and outside experts that provided the groundwork for the Commission's recommendations.

RECOMMENDATIONS FOR FISCAL YEAR 1987

The Update Factor

Recommendation 1: Amount of the Update Factor for PPS Hospitals

For fiscal year 1987, the standardized amounts should be updated by the projected increase in the hospital market basket, adjusted by the following:

- A correction factor for substantial errors previously made in forecasting inflation for fiscal year 1986, and
- A discretionary adjustment factor of minus 0.5 percentage points composed of two allowances:
  - —A minus 1.4 percent allowance for scientific and technological advancement, productivity change, and site-of-care substitution, and
  - —A 0.9 percent allowance for real case-mix change.

In addition, the DRG weights should be adjusted to remove any increase in observed case mix occurring during fiscal year 1986.

This recommendation reflects the Commission's collective judgment of the appropriate change in the level of payment per Medicare discharge under PPS, assuming that the Commission's other concerns regarding the market basket component of the update factor, the DRG weighting factors, and the distribution of payments across PPS hospitals are also addressed. The Commission's recommendation regarding the level of capital payments would also affect per-discharge Medicare payments to hospitals.

Recommendation 2: Allowance for Scientific and Technological Advancement and Productivity Goals, and Site-of-Care Substitution

For the fiscal year 1987 payment rates, the allowance in the discretionary adjustment factor for scientific and technological advancement, productivity improvement, and substitution in the site of service from inpatient to out-of-hospital settings should be set at minus 1.4 percentage points.

Recommendation 3: Allowance for Real Case-Mix Change

Prospective payments should reflect real changes in case mix that are due to changes associated with the characteristics of patients and not changes simply due to better coding of records. The DAF allowance for real case-mix change should reflect both shifts in patients among the DRG categories, as measured by changes in the average case-mix index (DRG case-mix change), and changes in the mix of patients within DRG categories (patient complexity change). For the fiscal year 1987 payment rates, the allowance for real case-mix change should be set at 0.9 percent. This allowance represents a 0.2 percent adjustment for changes in the DRG case-mix index and a 0.7 percent adjustment for patient complexity changes.

Recommendation 4: Update Factor for Excluded Hospitals and Distinct-Part Units

For fiscal year 1987, the target rate of increase limits for the group of psychiatric, rehabilitation and long-term care hospitals and hospital distinct-part units excluded from PPS should be updated to reflect the projected increase in the hospital market basket for these hospitals (corrected for forecast errors) minus a 0.8 percentage point adjustment for productivity and scientific and technological advancement goals established for PPS hospitals.

The target rate of increase limit for children's hospitals and distinct-part units should be updated to reflect the projected increase in the hospital market basket for PPS hospitals (corrected for forecast errors) minus a 0.8 percentage point adjustment for productivity and scientific and technological advancement goals established for PPS hospitals.

Capital

Recommendation 5: Including Capital in the Prospective Payment System

Beginning in fiscal year 1987, the Secretary should initiate a transition to all-inclusive prospective prices that combine operating and capital cost components in a single prospective payment per case for hospitals.

Recommendation 6: Capital Payment Method

The Federal portion of capital payments should be computed as a fixed percentage add-on to the standardized amounts beginning in fiscal year 1987. The Secretary should immediately develop capital components to be added to the hospital market basket. When appropriate data become available, the components of PPS payments should be recomputed to reflect the addition of capital costs. The results of this recomputation should be implemented as soon as possible, but no later than fiscal year 1988.

Recommendation 7: Level of Federal Capital Payment

Capital payment should be added to the Federal portion of PPS payments for hospital accounting years beginning in fiscal year 1987 at the following levels:

- For building and fixed equipment, projected average Medicare actual capital costs per discharge for fiscal year 1985, trended forward to fiscal year 1987 by an index of construction capital costs.
- For moveable equipment, average actual Medicare capital costs per discharge for hospital accounting years beginning in fiscal year 1983, trended forward to fiscal year 1987 by an index of equipment capital costs.
- The proportion attributed to moveable equipment should be the lesser of the 1983 proportion or 40 percent.

Recommendation 8: Capital Payment Transition

The transition to Federal capital payments under PPS should begin in fiscal year 1987 in accordance with the following provisions:

- There should be no transition for moveable equipment. All payments for moveable equipment should be included as a fixed percentage add-on to the Federal standardized amounts beginning in fiscal year 1987.
- Payments for fixed plant and equipment should be phased in as a fixed percentage add-on to the Federal standardized amounts over a seven to ten year period on a straight-line basis.
- For plant and fixed equipment, hospital-specific capital payment portions should be the actual costs incurred during each year of the transition.
- During the transition, the Federal portion for plant and fixed equipment should be updated each year by an index of construction capital costs.
- The addition of capital to the Federal standardized amounts should reflect base year treatment of return on equity and interest offsets. Return on equity payments should be added to the hospital-specific portion of operating payments. Once the transition to national rates for operating payments ends, there should be no hospital-specific payment for return on equity.

Adjustments to the Payment Formula

Recommendation 9: Disproportionate Share Hospitals

An adjustment to the PPS rates for hospitals serving a disproportionate share of low-income patients should be implemented as soon as possible. This adjustment should specifically incorporate a definition and methodology in keeping with the character of the adjustments already being considered by the Congress. This adjustment should not change the total aggregate dollar amount paid to all hospitals.

Recommendation 10: Improving the Definition of Hospital Labor Market Areas

The Secretary should improve the definition of hospital labor market areas for fiscal year 1987, if possible, and no later than fiscal year 1988. For urban areas, the improved definitions should account for a greater amount of the wage variation between inner-city and suburban hospitals. For rural areas, the improved definitions should account for a greater amount of the wage variation between different rural areas within each state and between states. The implementation of improved definitions should not result in any change in aggregate hospital payments.

Recommendation 11: Rural Hospitals

In the original PPS legislation of 1983 and the Deficit Reduction Act of 1985, the Congress required the Secretary to study and report on a number of rural hospital issues. To date, none of these studies has been submitted to the Congress. Preliminary studies by the Commission suggest that there are potential problems in the way rural hospitals are treated under PPS. To facilitate open and informed public debate of rural hospital issues, the Commission urges the Secretary to complete and publish the congressionally mandated studies as soon as possible. If the results of the Secretary's studies indicate that changes in payment policies affecting rural hospitals are warranted, appropriate modifications to current policy should be implemented as soon as possible, including legislative change, if necessary. The Commission will continue its analysis of rural hospital issues and make specific recommendations in the future if findings indicate that changes in PPS payment policy are desirable.

The Standardized Amounts

Recommendation 12: Earlier Availability of Medicare Cost Data

The Commission is pleased that the Secretary has taken steps to speed up the availability of Medicare Cost Report data from the first year of PPS. The Commission recommends that making cost data available as soon as possible be an ongoing effort, since these data are vital both to assess the relationship between PPS payments and hospital costs and to analyze the costs of individual DRGs. As part of this ongoing effort, alternative strategies for sampling hospital cost data should be considered. The necessary additional resources should be allocated for timely processing of these data.

Recommendation 13: Recalculating the Standardized Amounts

The standardized amounts used to determine hospital payments under PPS should be recalculated using cost data that reflect hospital behavior under PPS. The results of such a recalculation, with appropriate modifications, could be used in determining the update factor or in rebasing the standardized amounts.

Recalibration

Recommendation 14: Recalibrating the DRG Weights

The DRG weights should be recalibrated annually in order to reflect the use of new technologies and other practice pattern changes affecting the relative use of hospital resources among the DRGs.

Beneficiary Concerns

Recommendation 15: Beneficiary and Provider Information

The Secretary should take immediate action to provide more and better-written information about the Medicare prospective payment system to beneficiaries and providers of care. The Department should work with providers, beneficiaries, and associations of these groups to produce and disseminate this information. Associations of providers and beneficiaries should also increase their own efforts to better educate and inform their members about the Medicare prospective payment system.

Recommendation 16: Notice to Beneficiaries of Rights

Beneficiaries should be made aware of the process of reconsideration and appeal of a hospital denial of coverage for continued inpatient hospital care. Notification should be through a written notice or information bulletin. It should explain beneficiary rights in a clear, helpful, and understandable manner. In addition to a clear statement of rights, the bulletin should inform beneficiaries that they should not accept any oral communication to the effect that they must leave the hospital because their "coverage" has "run out" or because there is a limit on the number of days "allowed" by Medicare for a DRG. The bulletin should be distributed at the time of admission or as soon thereafter as is appropriate based on the patient's clinical condition. However, additional avenues of distribution should also be developed.

Recommendation 17: PRO Episode of Care Review

The focus of PRO quality of care review should be, to the extent possible, on the entire episode of care. The PRO's review should include, in addition to the period of hospitalization, the quality of care (and outcome) related to the overall episode of illness, including, if appropriate, skilled nursing or home health care.

Recommendation 18: PRO Review of Outpatient Surgery

The Commission is concerned that efforts to shift surgical services from the inpatient to the outpatient setting could have an adverse impact on quality of care for certain Medicare beneficiaries. The PROs should be required to review and monitor the quality of care (and outcome) of outpatient surgery for selected patients and procedures. As a starting point, the PROs should be required to review outpatient surgery cases for those procedures that have been identified for preadmission review, including in particular a sample of those cases for which the PRO has denied payment on preadmission review.

Recommendation 19: Recalculating the Inpatient Hospital Deductible

The Secretary should seek legislative change to the formula for computing the inpatient hospital deductible so that the annual increase in the deductible is more consistent with the annual per-case increase in Medicare payments to hospitals. The proportion of the costs of inpatient hospital care borne by Medicare beneficiaries has inappropriately increased as a result of significant declines in length of stay experienced since the beginning of PPS. This proportion should be lowered to its calendar year 1983 level.

Patient Classification and Case Mix

Recommendation 20: Improving the Measurement of Hospital Case Mix

The Commission believes that the DRG system is currently the most appropriate of the available measures of hospital case mix for the Medicare PPS and should be retained in principle as the system upon which to base Medicare payments to hospitals. Resource use varies considerably, however, within some DRGs. Therefore, the Commission intends to continue its analysis of individual DRGs and to undertake a systematic evaluation of the entire system. The goal is to identify potential problems in DRG construction and classification and to recommend changes that will improve the homogeneity within DRGs and the equity of payments across hospitals.

Recommendation 21: Process for Maintaining and Updating ICD-9-CM

The Secretary should establish a mechanism for maintaining and updating ICD-9-CM diagnosis and procedure codes in a timely and effective manner. This process should include adequate educational support for all users.

Recommendation 22: Process for Interpretation and Assignment of Existing Codes

The Secretary should ensure that interpretation and assignment of existing ICD-9-CM diagnosis and procedure codes for payment purposes strictly adhere to coding rules and guidelines. In order to maintain the integrity and uniformity of the coding system while allowing flexibility for payment purposes, the process for interpretation and assignment of existing ICD-9-CM codes should be assigned to one authorized group.

Recommendation 23: Interim Mechanism for Coding Problems

The Secretary should establish an interim mechanism to allow early identification of new technologies, procedures, and diagnoses and more appropriate DRG assignment when ICD-9-CM codes cannot be updated in a timely manner.

DRG Classification and Weighting Factors

Recommendation 24: Adjustment of the Labor Portion of the Standardized Amounts for Some DRGs Involving Expensive Devices

The labor and nonlabor portions of the standardized amounts should be redefined for DRGs 39, 104, 105, 209, 471, and the newly defined DRGs for pacemaker implantation and replacement (Recommendations 25 and 26), implantable defibrillators (Recommendation 27), and penile prostheses (Recommendation 28). The new portions should more closely reflect the labor-related and nonlabor-related shares of costs for cases in each of these DRGs. These recalculations should be made so that total hospital payments remain unchanged.

The correct labor and nonlabor portions of the standardized amounts should be calculated from data currently being generated in the Health Care Financing Administration's (HCFA) study of the labor portion of costs by DRG. If this information proves to be incomplete, the portions should be calculated from available cost and charge data for these DRGs. The Secretary should study the need for adjustments to the labor and nonlabor portions of the standardized amounts in all DRGs.

Recommendation 25: Reclassification of Pacemaker Cases Based on Type of Device

Prior to recalibration, the DRGs involving implantation of cardiac pacemakers (currently DRGs 115 through 118) should each be restructured into two DRGs, one for cases involving dual-chamber or functionally similar pacemakers, and one for cases receiving other single-chamber pacemakers. New ICD-9-CM procedure codes should be created to distinguish between these types of cases. A mechanism should be established to evaluate the appropriateness of all implants involving dual-chamber or functionally similar pacemakers. In the initial year of this new classification, the weights for all pacemaker DRGs should be calculated using charge data from the PATBILL file and data on cost differences between pacemaker types.

Recommendation 26: Reclassification of Pacemaker Replacement Cases

Prior to recalibration, the cases involving replacement of a permanent cardiac pacemaker, except those with myocardial infarction, congestive heart failure or shock, should be reassigned to DRGs that include only pacemaker replacements.

Recommendation 27: Implantable Defibriliator

Implantable defibrillator cases should be assigned to a unique DRG. The labor and nonlabor portions of the standardized amounts should be redefined for this new DRG to reflect the labor-related and nonlabor-related shares of costs for these cases.

Recommendation 28: Penile Prostheses

Prior to recalibration, cases involving the implantation of a penile prosthesis should be removed from DRG 341 and reassigned to a unique DRG. The labor and nonlabor portions of the standardized amounts should be redefined for this new DRG to reflect the labor-related and nonlabor-related shares of costs for these cases.

Recommendation 29: Additional Payment for Magnetic Resonance Imaging

For a period of three years, Medicare should pay hospitals an additional amount (hereafter termed an add-on) for each covered magnetic resonance imaging (MRI) scan performed on an inpatient Medicare beneficiary in a PPS hospital. Under existing capital payment policy, the add-on for fiscal year 1987 should be $124 for each scan performed on beneficiaries in institutions where Medicare pays for the capital costs of an MRI scanner and $282 for each scan performed on beneficiaries in other PPS hospitals. In fiscal year 1988 and fiscal year 1989, the add-on amounts for all hospitals should be recalculated to reflect any change in the average cost of an efficiently produced scan and any changes in capital payment policy.

Recommendation 30: Extracorporeal Shock Wave Lithotripsy

Prior to recalibration, cases in which extracorporeal shock wave lithotripsy (ESWL) is the principal procedure should temporarily be removed from DRG 324 and reassigned to DRG 323. The payments and costs for all cases in this DRG should be monitored to determine the appropriateness of PPS payments for operating costs. A unique procedure code should be identified for ESWL.

Recommendation 31: Lymphomas and Leukemias

Prior to recalibration, cases currently assigned to DRGs involving lymphoma, leukemia, and other related diagnoses (DRGs 400-404) should be reclassified into one of five newly defined DRGs. The new classification should provide a unique DRG for acute leukemia cases not involving a major operative procedure, eliminate age as a criterion for DRG assignment, and modify present classification based on operative procedure, complications and comorbidity. Other ways of further improving these DRGs should continue to be explored.

Recommendation 32: Upper Extremity Procedures

Prior to recalibration, cases involving procedures of the upper extremity that are currently classified in DRGs 223, 224, 228, and 229 should be reassigned based on anatomical location and the presence of systemic collagen vascular disease or implantation of joint prostheses or complications and/or comorbidities. Nonsurgical hip fracture cases currently being assigned to DRGs 223, 224, 225, 228, and 229 should be reassigned to the appropriate medical DRG.

Data Development and Research

Recommendation 33: Maintaining a Commitment to Data Development and Research on PPS

The Secretary should continue to devote substantial resources to data development and research for monitoring and improving PPS and understanding its effects on the health care system. Studies mandated by the Congress that are already due should be completed and made public as soon as possible, and new studies that analyze more recent data should be designed and implemented as soon as possible. While ProPAC and other organizations will participate in this process, the major commitment to PPS data development and research must reside in the Department of Health and Human Services.

Medicare Prospective Payment and the American Health Care System: Report to the Congress, February 1986

Executive Summary

Medicare expenditures rose from about $4 billion to almost $40 billion from 1970 to 1984. In the three years between 1979 and 1982, Medicare inpatient hospital expenditures rose by almost 60 percent. Though some limits were placed on Medicare hospital payments prior to 1983, payment was generally on a cost basis, which provided little incentive for efficiency. In 1983, the Congress replaced Medicare's cost-reimbursement system for inpatient hospital care with the prospective payment system (PPS) to encourage efficient provision of inpatient care.

In this report to the Congress, the Prospective Payment Assessment Commission (ProPAC) presents its initial observations about changes PPS has caused. It must be emphasized that more time must elapse before sufficient data will be available to provide an overall assessment of the effects the new payment system has had on the American health care system. In future reports, the Commission will seek verification of these preliminary findings and will expand analysis to other issues.

MEDICARE PROSPECTIVE PAYMENT AND OTHER CHANGES IN HEALTH CARE

Under PPS, Medicare now pays a predetermined rate for each discharge, encouraging hospitals to reduce per-discharge costs. On the basis of principal diagnosis and certain other factors, each discharge is assigned to one of 468 diagnosis-related groups (DRGs) for payment. The new payment system encourages hospitals to lower their expenses for inpatient stays. This can be accomplished by lowering expenses during an admission and by shifting some services out of the hospital.

Hospitals appear to be responding to the incentives of per-discharge payment, but they are also reacting to other influences. Changes in private sector health care financing and in medical technology have also encouraged changes in hospital care, many of which began before implementation of PPS.

REDUCED HOSPITAL USE AND LOWERED EXPENSES

Although average length of stay for Medicare patients has been declining over the past decade, changes in hospital behavior in response to PPS resulted in a much larger drop in 1984 — 7.6 percent — than in any year since 1970. The drop in the length of stay occurred because of a reduced number of days in routine care; stays in intensive care and coronary care units changed only slightly since the implementation of PPS. Surgical patients now enter the hospital closer to scheduled surgery and leave sooner following surgery than in 1981.

In 1984, Medicare inpatient admissions declined unexpectedly by almost 5 percent, and it appears that admissions declined by a larger percentage in 1985. Many analysts had expected admissions to rise, as hospitals sought higher revenue by increasing their volume. This surprising decline in admissions caused 1985 Medicare expenditures for inpatient care to be significantly lower than expected.

While hospitals have shortened length of stay, they do not appear to have substantially reduced provision of ancillary services. Use of some ancillaries, such as drugs, appears to have risen. Other services, such as radiology and laboratory, have declined slightly.

Hospital expenses per patient day and per admission appear to have risen but somewhat more slowly than their historical averages. This trend is sensitive to hospitals' inability or unwillingness to reduce staffing and other expenses as rapidly as admissions and length of stay have declined. On a per-capita basis, however, hospital expenses rose less than inflation. Per-capita expenses rose only 2.5 percent in 1984 while prices of the goods and services used by hospitals rose by 6.0 percent. By comparison, between 1976 and 1982, per-capita expenses rose at an average annual rate of 12.6 percent.

THE FINANCIAL CONDITION OF HOSPITALS UNDER PROSPECTIVE PAYMENT

Original PPS rates were higher than intended but stringent updates expected in the near-term might offset this difference. Per-case payments under national rates are about 5 percent higher than payments under hospital-specific rates, which are based on each hospital's own historical costs. This probably occurred because it was necessary to use unaudited data in calculating national PPS rates.

Final implementation of national prospective payment rates for Medicare will change the distribution of Medicare revenue among hospitals. The distributional consequences of paying for hospital care on the basis of national rates increase the need to understand why historical cost differences have existed. If factors beyond the hospitals' control cause some regions to have higher than average costs, for example, the distribution may lead to relatively more financial stress and risk to service quality and access than in areas where costs have been historically low. On the other hand, preliminary evidence indicates that the largest declines in length of stay occurred in the highest-cost regions.

Relative to the average increase in payments under PPS, hospitals in the Middle Atlantic region, urban areas, and those with large teaching programs tend to fare better under national rates. This distribution is influenced by New York's inclusion in PPS, which began on January 1, 1986. Payments for many New York hospitals will probably be significantly higher under fully national PPS rates than under that state's hospital rate-setting program.

In general, hospitals improved their financial position during 1984, partly because they could realize a profit on Medicare patients for the first time. Hospitals reported about a one-third increase in profitability. Their ability to meet short-term obligations also improved. Whether the industry's favorable financial performance will continue is unknown.

CHANGES IN ACCESS AND QUALITY

Some beneficiaries and providers perceive that quality of care has deteriorated under PPS. Through the news media, the public has become aware of instances where Medicare beneficiaries or their families felt that earlier discharge from the hospital adversely affected recovery. Sufficient data do not now exist to determine the prevalence of these problems and whether they were caused by hospital responses to PPS. Access to and quality of care under the new payment system need further study and continuous monitoring.

To date the mechanism responsible for monitoring the care provided to beneficiaries, the Peer Review Organization (PRO) program, has played only a limited role in quality assurance under PPS. PROs have been unable to assess the overall quality of care for beneficiaries because their review activities are limited to inpatient hospital care. They do not monitor the care beneficiaries receive after discharge or the outcome of an episode of illness. Although each PRO established explicit quality objectives, they have been limited to inpatient care and focus on the appropriate use of inpatient services, not on health outcomes.

There was a widespread perception when PPS was adopted that the development and diffusion of new medical technology would be slowed. Currently available data do not permit the Commission to reach conclusions about the rate of adoption of technology under PPS. The rate of adoption of one major new technology, magnetic resonance imaging (MRI), has been slower than the rate for computerized tomography (CT) during the 1970s. Hospital capital spending, which includes some purchases of new technology, continues to increase more rapidly than total hospital costs.

The observed reduction in the length of stay for Medicare beneficiaries suggests that patients are being discharged at an earlier point in their recovery, but the implications of this change for health care outcomes are uncertain. Earlier discharge under PPS could represent a decline in the provision of nonacute services to inpatients but not necessarily a reduction in quality. Patients discharged earlier than they would have been three years ago may not require the extensive services provided to inpatients and could appropriately be cared for in alternative settings. At some level, further reductions in the length of stay will reduce quality, but that minimum level is not yet known.

The decline in the average length of stay increases demand for post-discharge services. In some areas, however, unavailability of these services limits access to needed services after discharge. Although hospitals appear to be discharging more beneficiaries to nursing homes or to their residences for home health services, stringent criteria have limited growth in Medicare coverage in these settings. The use of post-discharge services appears to have increased, but more beneficiaries or their families purchase the services themselves. Currently available data do not indicate how much use of post-discharge services has increased since implementation of PPS.

At the time the Congress enacted PPS, the public did not perceive that beneficiaries and their families would become responsible for a larger portion of their health care costs. For Medicare patients, the inpatient deductible increased as a direct result of the drop in the average length of stay. In 1986, the increased deductible caused by a shorter length of stay will shift about $550 million to Medicare beneficiaries. In addition, earlier discharge may require the use of services that are not extensively covered by Medicare or of services for which a copayment is required, such as preadmission ambulatory services.

CHANGES IN FINANCING HEALTH SERVICES

For Medicare, the shift to alternative settings for care has reduced expenditures for inpatient care compared with care rendered outside of the hospital. This trend had been under way for the past decade, but the first year of PPS saw a somewhat larger shift than in the years immediately preceding its implementation.

The adoption of Medicare's PPS occurred as other third-party payers were also restructuring hospital reimbursement, and it appears to have hastened the adoption of various prospective payment methods by other payers. While one state used the DRG system for setting hospital payment for all payers before Medicare adopted it, interest in its use has grown since 1983. Eight state Medicaid programs have adopted DRGs for inpatient hospital payment. Similarly, several Blue Cross/Blue Shield plans are experimenting with this system for paying hospitals; seven now pay hospitals using some variation of Medicare's DRGs. Commercial insurers have generally used other methods to limit per-hospital inpatient payments.

ORGANIZATION OF THIS REPORT

Chapter 1 of this report describes the prospective payment system and the other changes occurring in the organization, financing, and delivery of health care. In Chapter 2, changes in the use of inpatient services are examined and the responses by hospitals to financial incentives are described. Chapter 3 discusses changes in the use of inpatient hospital care and the implications of PPS for health care technology. Chapter 4 describes the distribution of Medicare inpatient revenues brought about by PPS and the current financial condition of the hospital industry. Chapter 5 describes potential effects of PPS for Medicare beneficiaries and discusses beneficiary and provider perceptions of quality and access to care under PPS. Chapter 6 describes the use of DRG-based reimbursement by other public and private health insurance plans and efforts by commercial insurers to lower billings to their insureds for inpatient care.

1986 Adjustments to the Medicare Prospective Payment System: Report to the Congress, November 1985

EXECUTIVE SUMMARY

The Prospective Payment Assessment Commission (ProPAC) is required to report to the Congress on the final regulations promulgated by the Secretary of the Department of Health and Human Services (DHHS) to govern the Medicare prospective payment system for fiscal year 1986. This report is submitted as required by Section 1886(d)(4)(D) of the Social Security Act as amended by Public Law 98-21.

ProPAC, an independent, 15-member Commission composed of experts in health care financing, delivery and research, presents its views on the Final Rule, which was to become effective on October 1, 1985. The Congress has enacted legislation to delay these regulations in order to allow legislative decision-making to proceed with the budget reconciliation process. ProPAC's comments, however, focus on the Secretary's Final Rule as promulgated, since the intent of these regulations was clear and this is our statutory responsibilitiy under Public Law 98-21.

In developing its recommendations, the Commission was guided by the overriding principle that the Medicare prospective payment system should operate in an unbiased way and not subject any population group, region of the country, or class of hospital to systematic underpayments. Nor do we believe that it was the intent of the Congress to use this system to consciously underpay for providing needed hospital services to Medicare beneficiaries. As will be documented below, we believe that several of the decisions made by the Secretary have the unanticipated consequence of creating such biases or, in the case of her failure to create an adjustment in the rates for hospitals that treat a disproportionate number of low income patients, failing to address a clear bias in the design of the original system.

The Commission specifically addresses in detail in this report: the effects of the recalibration of Diagnosis Related Groups (DRGs); changes in specific DRGs; changes in DRG classification and assignment; the updating of PPS rates; and other major PPS policy issues. Our comments on these subjects are highlighted below.

Updating of Payment Amounts

Updating of prospective payment amounts is required each year under the statute. The Commission believes that a "freeze" in prospective payment rates, as mandated in the Final Rule, is inadequately justified in the regulations and has the potential to affect quality of care. The recommendations of the Commission would have resulted in an increase in PPS rates of 1.54 percent for fiscal year 1986. (See Table 6, Page 15, for a comparison of

DHHS and ProPAC update factors). In making its recommendations, ProPAC assumed that no other changes in PPS would be made to increase or decrease overall payments to hospitals. Since the Final Rule would make other payment changes, we believe that the difference between our recommended update factor and that of the Department is even more significant.

The Secretary's primary justification for the freeze is that the PPS rates should be reduced to offset reported changes in hospital case mix since the beginning of the prospective payment system. The Final Rule states that budget neutrality requires this adjustment, which is a departure from the position used in setting rates in fiscal year 1985. The Commission believes that removing all case-mix changes is inappropriate and that the PPS update factor should reflect the higher costs of treating a "sicker" mix of patients during fiscal year 1985.

The Commission believes that the justification for the freeze in per case payments to hospitals excluded from the Medicare PPS is particularly weak, since the case-mix adjustment does not apply to these hospitals. The Commission's recommended update for excluded hospitals is 2.74 percent.

Recalibration and Changes in DRG Classification and Assignment

The statute requires that the DRG weights be recalibrated -- that is, recalculated using more recent data -- at least every four years. This is to ensure that PPS payments reflect changes in the relative costs of treating patients among the various DRGs which would result from technological or practice pattern changes. The Commission recommended that recalibration be accomplished using charge data from the fiscal year 1984 Medicare patient billing file. This recommendation was followed in the Final Rule.

The final regulations made a number of changes in the way diagnoses are classified and assigned to the DRGs. Generally, these changes are appropriate and necessary. The Commission notes in several specific instances that review of the data used by the Department in making its decision should be made available so that more informed judgments may be made about the decisions.

The Commission is pleased that the final regulations indicates that future GROUPER changes will be made available by the Department to ProPAC for our review before these GROUPER changes are implemented. We believe that this decision is consistent with the advisory role envisioned for ProPAC under the statute.

Other Policy Issues

Several other policy issues of particular concern to the Commission are discussed in this report.

-We continue to strongly believe that an adjustment for hospitals serving a disproportionate share of low income patients should be included in the PPS payments for fiscal year 1986.

-Changes in computation of the indirect medical education allowance are inappropriate.

-While the new survey-based wage index in the final regulations is an improvement, further improvements are essential, particularly in the definition of hospital labor market areas.

Report and Recommendations to the Secretary, U.S. Department of Health and Human Services, April 1, 1985

Executive Summary

In 1983 Congress enacted the most far reaching changes in the Medicare program since its establishment in 1965. Left behind was a cost reimbursement system that by general agreement had produced unacceptable hospital cost inflation. Congress mandated that the inpatient hospital care rendered Medicare beneficiaries would henceforth be paid on the basis of a prospective payment per case, using diagnosis-related groups (DRGs) to classify and label the hospital product being purchased.

This report is the product of the congressionally-established Prospective Payment Assessment Commission, fifteen individuals knowledgeable about the health industry who were vested with the responsibility of analyzing the new prospective payment system (PPS) and advising the Secretary of the Department of Health and Human Services and the Congress on ways of improving it. The recommendations emanate from a profound concern that the fundamental changes introduced October 1, 1983 be implemented in as fair, cost-effective, and quality-enhancing a manner as possible.

The Commission, which began meeting in December 1983, has focused its attention on two major questions:

1. By what percentage should Medicare's payments for hospital discharges in fiscal year 1986 increase or decrease (the "Update Factor")?
2. What changes, if any, should be made concerning payments to hospitals for specific treatments or procedures by the Medicare program (adjustments of DRG classifications and weights)?

The body of this report and accompanying technical appendixes explain the Commission's actions and decisions in substantial and technical detail. For purposes of this summary, six major points should be emphasized:

- The Commission's unanimous recommendations reflect five major priorities: maintaining access to high-quality health care; encouraging hospital productivity and long-term cost-effectiveness; facilitating innovation and appropriate technological change; maintaining stability for providers, consumers, and other payers; and basing decisions upon reliable and timely data and information.

- The Commission recommends that next year's Medicare hospital payments incorporate inflation in hospital input prices and higher costs due to treating sicker patients, minus one percentage point. This recommendation would result in payment increases significantly less than those of recent years. The inflation minus one percentage point represents the Commission's best judgment as to the net change in payments needed to provide scientific and technological advances in the hospital industry, balanced by changes in hospital productivity and in the hospital product. In particular, the Commission's calculations reflect a judgment and belief that appropriate, sustained, and necessary technological growth in the health care industry can be achieved in part by savings generated through improvements in hospital productivity.

- The Commission recommends action on two problems arising from PPS implementation. Specifically, the Commission urges the Secretary of the Department of Health and Human Services to move quickly to improve the current definition of hospital labor market areas, in order to better adjust PPS rates for area wage differences. The Commission also urges the Secretary to institute adjustments for hospitals that incur higher Medicare costs per case associated with treating a greater proportion of low income patients ("disproportionate share hospitals").

- For fiscal year 1986, the Commission recommends adjusting all of the DRG weights using newer, more complete, and more accurate data. Such adjustment or "recalibration" is intended to enable PPS to reflect changes in hospital practice during recent years. As part of the recalibration process, the weights should also be adjusted to avoid building changes in coding practice into future PPS payments. The Commission's recommendations incorporate its review of a number of specific medical practices and technologies. Additional data collection and analysis regarding other such practices and technologies are required in order to reach well-informed conclusions.

- While making no recommendation at this time on the pace of transition to national payment rates, the Commission is aware of concerns that have arisen regarding the impact of that transition on different hospitals and regions. The transition issue involves weighing the desirability of continued implementation of a system already clearly yielding positive results, against the possible harms of delaying that transition to correct PPS inequities and shortcomings. The Commission will continue to analyze this important issue.
- The Commission offers its analysis and recommendations in an environment of debate concerning future directions in health care delivery and financing. The recommendations themselves are predicated on continued implementation of the current PPS system. They seek to address as sensibly as possible the tension among several compelling and competing considerations: Federal budgetary constraints; maintenance of Medicare beneficiaries' access to high-quality care; and changes in the hospital industry. Should any health policy proposals affecting PPS be adopted, the Commission will respond with appropriate analytical work.

The report that follows is by design and necessity a technical document. The Commission issuing it, however, remains mindful of the fact that the report's analysis, discussion, and recommendations will directly affect millions of Medicare beneficiaries—individuals for whom the pluses and minuses of the "Update Factor" will translate into a significant impact on the kind of life-giving treatment they receive.

OVERVIEW OF THE COMMISSION'S RECOMMENDATIONS

The Commission's 21 recommendations fall into two major categories: recommendations regarding the update factor and recommendations regarding adjustments of DRG classifications and weights.

The first 16 recommendations address the update factor. In recommendation 1, the Commission proposes updating the standardized amount by the projected increase in the hospital market basket, minus one percentage point, plus an allowance for the estimated increase in real case-mix complexity during fiscal year 1985. Several of the first 16 recommendations involve specific market basket issues, including the desirable number of such market baskets, wage components, and correction of forecast errors.

Recommendations 13 through 15 address distributional concerns. The Commission selected the definition of hospital labor market areas and disproportionate share hospitals as two problem areas of PPS deserving immediate attention in the establishment of the fiscal year 1986 payment rates. This does not imply that other problem areas are not also of great importance, but the Commission believes that the distributional consequences of these two problems are sufficiently severe, and the potential for finding workable solutions is sufficiently high, that immediate attention is warranted.

Recommendation 17 recommends recalibration of the DRG weights with a data base that is newer, more complete, and more accurate than the 1981 data used to create the current DRG weights. The Commission's recommendation reflects its belief that, because of potential inaccuracies in the data originally used to establish the DRG weights and changes in hospital practice patterns since 1981, a full recalibration for the 1986 rates is advisable.

Recommendations 18 through 20 pertain to specific DRG weight, classification, and assignment issues concerning three procedures: pacemaker implantation; cataract extraction and intraocular lens implantation; and percutaneous transluminal coronary angioplasty. Recommendation 21 concludes that two additional procedures, bone marrow transplantation and treatment of infective endocarditis, do not require in-depth analysis at this time.

The Commission will make future recommendations concerning these and many other DRG weight, classification, and assignment issues, as new information becomes available.

THE COMMISSION'S FUTURE AGENDA

While much has been accomplished during the Commission's first year, many important PPS-related issues require further evaluation. The Commission looks forward to analyzing a variety of complex matters including:

- The measurement of case mix used for PPS and evaluation of alternative case-mix systems.
- Improvement in the methods used to account for resources consumed during specific types of hospital stays. Special emphasis will be placed on analyzing the allocation of nursing costs to DRGs.
- PPS payment policies, with emphasis on adjustments for differing costs of hospitals serving large numbers of low income patients, definitions of hospital market areas, and effects of the transition to national payment rates.
- System responsiveness to changes in practice patterns, focusing on payment mechanisms for new or changing technologies. In addition, a number of specific diagnostic and therapeutic practices are currently being examined:
  —Cyclosporine used in renal transplantation
  —Magnetic resonance imaging
  —Dual joint procedures in one hospitalization
  —Treatment for alcohol dependence
  —Cochlear implants
  —Extracorporeal shock wave lithotripsy
  —Dermatologic disorders
- The effects of PPS on health care delivery, such as changes in quality of care and health outcomes, changes in types of patients treated in hospitals, changes in the hospital product, and regional practice pattern variations.

STRUCTURE OF THE REPORT AND APPENDIXES

The Commission's report consists of two volumes. In this volume, the Commission's first chapter presents background information concerning establishment of the prospective payment system. Chapter 2 identifies the major priorities and approaches underlying the Commission's recommendations. The recommendations themselves, along with explanatory material, appear in Chapter 3. The fourth and final chapter of the first volume explores areas and issues requiring substantial Commission attention in the year and years to come.

In developing its recommendations the Commission considered staff analyses and the views of numerous technical experts. The purpose of volume 2—the Technical Appendixes—is to present much of this background material to afford greater insight into the Commission's decisions.

The appendixes consist of both descriptive and analytical pieces covering the origins of the prospective payment system, the determination of prospective payments, the update factor, and DRG recalibration. They underscore many of the dilemmas and issues confronting the Commission during its deliberations.

LIST OF RECOMMENDATIONS

The Update Factor

Recommendation 1: Amount of the Update Factor

For fiscal year 1986, the standardized amounts should be updated by the projected increase in the hospital market basket, minus one percentage point, plus an allowance for the estimated increase in real case-mix complexity during fiscal year 1985. The negative one percentage point is a combined adjustment of a positive allowance for scientific and technological advancement and a negative allowance for productivity improvement and hospital product change.

This recommendation reflects the Commission's collective judgment of the appropriate increase in the level of payment per Medicare discharge under PPS, assuming that the Commission's other concerns regarding the market basket component of the update factor, the DRG weighting factors, and the distribution of payments across PPS hospitals are also addressed in the fiscal year 1986 payment rates. Further, this recommendation is based on the premise that no net reductions or increases in average per case payments to hospitals will be effected through measures other than the update factor, such as reducing the indirect teaching adjustment, incorporating capital payment under PPS at a budget-saving level, adjusting for coding changes occurring before fiscal year 1985, or any other changes in total payments per discharge under PPS.

The Hospital Market Basket

Recommendation 2: The Number of Market Baskets

For fiscal year 1986, a single market basket should be continued for those hospitals under PPS. The Commission will undertake a study to determine the appropriateness of developing market basket measures that reflect variation in economic factors across hospitals. The use of multiple market baskets by region and classes of hospitals within regions will be examined. If the analysis indicates that multiple market baskets are appropriate, the study will also include an assessment of the data required for implementation.

Recommendation 3: Market Basket for Psychiatric, Rehabilitation, and Long-Term Care Hospitals

Separate market basket weights should be used for the group of psychiatric, rehabilitation, and long-term care hospitals and related distinct-part units that are exempt from PPS, but subject to the TEFRA rate of increase limitation. Separate market basket weights need not be developed for children's hospitals.

Recommendation 4: Market Basket Wage Component—Occupational Groups

The wage component of the market basket should be split into three categories, each with separate weights: Managers and Administrators, Professionals and Technicians, and Other Hospital Workers. Changes in wages for these categories should be measured as follows:

- Managers and Administrators: the Employment Cost Index (ECI) for Managers and Administrators.
- Professionals and Technicians: a 50-50 blend of the Average Hourly Earnings (AHE) for the hospital industry and the ECI for Professionals and Technicians.
- Other Hospital Workers: a 50-50 blend of the AHE for the hospital industry and the ECI for all private industry.

Recommendation 5: Employment Cost Index Feasibility Study

For the long run, the Secretary should work with the Bureau of Labor Statistics to study the advantages and feasibility of developing an Employment Cost Index for the hospital industry that includes both public and private hospitals and covers increases in both wages and fringe benefits.

Recommendation 6: Study Effects of Changes in the Minimum Wage Law on Hospital Workers

The Commission plans to study the extent to which hospital workers would be affected by changes in the Federal minimum wage law. The intent of the study is to detect whether, under PPS, workers who earn more than the minimum wage are differentially affected by statutory increases in the minimum wage compared with workers in other industries. If a differential effect is found to exist, the Commission will consider requesting the Secretary to take appropriate action.

Recommendation 7: Correction of Market Basket Forecast Errors

The update factor should include a correction for substantial errors made in the previous year's forecast of changes in the external price measures used in the hospital market basket. In the judgment of the Commission, substantial errors are those that equal or exceed 0.25 percentage points (or, when rounded in the published forecasts, 0.3 percentage points). The Commission will undertake a study to determine the extent to which differences between forecasted and actual increases in the internal price change measures are due to factors beyond the hospitals' control. Substantial errors determined after study to be due to factors beyond the hospitals' control should be corrected in the update factor.

Recommendation 8: Statutory Change for Forecast Error Correction

The Secretary has determined that she does not have the statutory authority to correct for market basket forecast errors. Therefore, the Secretary should seek statutory change to provide explicitly that the update factor include a correction for errors in forecasting the market basket beginning in fiscal year 1986.

Recommendation 9: Rebasing of Market Basket Weights

Market basket weights should be rebased at least every five years. Rebasing should be performed more frequently if significant changes in the weights occur. In addition, the market basket weights will need to be rebased if payment for capital or direct medical education is included in the PPS rates.

Discretionary Adjustment Factor

Recommendation 10: Allowance for Productivity and Scientific and Technological Advancement Goals

For the fiscal year 1986 payment rates, the allowance in the discretionary adjustment factor for scientific and technological advancement, productivity improvement, and hospital product change should be set at minus one percentage point.

Recommendation 11: Adjustment for Case-Mix Change

Prospective payments to individual hospitals and in the aggregate should reflect real changes in case mix. Changes in reported case mix that are unrelated to actual differences in the types of patients treated should not be built into future PPS payments.

Recommendation 12: Update Factor for Exempt Hospitals

In addition to the projected increase in the market basket, hospitals and hospital distinct-part units exempt from PPS should receive a minus one percentage point adjustment in their fiscal year 1986 update factor for productivity improvement and scientific and technological advancement.

Hospital Labor Market Areas—Area Wage Index

Recommendation 13: Improvement of Labor Market Area Definitions

In order to better reflect hospital labor markets, the Secretary should improve, as soon as possible, the current definition of a hospital labor market area used to adjust PPS rates for area wage differences, taking into account variations in wages paid in the inner city compared with suburban areas within a metropolitan area, and variations paid in different rural locations within a state. Implementation of this recommendation should not result in any change in aggregate payments.

Disproportionate Share Hospitals

Recommendation 14: Disproportionate Share Adjustment for Fiscal Year 1986

The Secretary should develop a methodology for adjusting PPS rates for disproportionate share hospitals and implement the adjustment in fiscal year 1986. The adjustment should be implemented so that it does not change aggregate payments.

Recommendation 15: Definition of Disproportionate Share Hospitals

The Secretary should complete the development of a definition of disproportionate share hospitals in ample time to include adjustments for these hospitals in the fiscal year 1986 PPS payment rates. The Secretary should consider broader definitions of low income than simply the percentage of patients who are Medicaid recipients and should determine whether the share of Medicare Part A patients should be excluded from the definition.

Rebasing the Standardized Amounts

Recommendation 16: Rebasing the Standardized Amounts

The standardized amounts used to determine hospital payments under PPS should be recalculated using cost data that reflect hospital behavior under PPS. The results of such a recalculation, with appropriate modifications, could be used to rebase the standardized amounts. Although recent cost data are not available to recalculate the standardized amounts for the fiscal year 1986 payment rates, the Secretary should implement a process for timely collection of the cost data necessary for future recalculation. The Commission will later consider more specific recommendations regarding the timing, data sources, and process for rebasing the standardized amounts.

DRG Classifications and Relative Weighting Factors

Recommendation 17: Recalibrating the DRG Weights

For fiscal year 1986, all DRG weights should be recalibrated using the 1984 PATBILL data set. The newly recalibrated weights should be:

(1) Normalized so that the average case weight is the same as it was at the beginning of fiscal year 1985, thereby incorporating DRG weight adjustments made before the start of fiscal year 1985.

(2) Adjusted for any demonstrable changes in reported case mix occurring during fiscal year 1985.

Recommendation 18: Cardiac Pacemaker Implantation

The DRGs involving cardiac pacemakers, DRGs 115, 116, 117, and 118, should be recalibrated in the same manner as other DRGs to reflect changes in practice since 1981. The Commission will continue to analyze diagnosis and procedure coding and DRG classification related to pacemaker implantation and replacement; the distribution of costs and payments across discharges, hospitals, and DRGs; and the impact of PPS on the quality of patient care.

Recommendation 19: Cataract Extraction and Intraocular Lens Implantation

DRG 39, Lens Procedures, should be recalibrated in the same manner as other DRGs to reflect changes in practice since 1981, including the more frequent implantation of an intraocular lens following cataract removal. The Commission will continue to monitor resource use in this DRG to determine whether the types of patients treated as hospital inpatients change with increased outpatient surgery for cataract removal.

Recommendation 20: Percutaneous Transluminal Coronary Angioplasty

Cases in which Percutaneous Transluminal Coronary Angioplasty (PTCA) is the principal procedure should be removed from DRG 108 and temporarily assigned to DRG 112 before recalibration. The Secretary should immediately implement a mechanism to identify bills for cases in which PTCA is performed in order to provide data for analysis and additional adjustments as appropriate.

Recommendation 21: No Change Recommended for Bone Marrow Transplantation and Infective Endocarditis

The Commission has examined Bone Marrow Transplantation and Treatment for Infective Endocarditis and is recommending no changes in DRG classification or weights at this time, other than those that would occur with recalibration. Information will continue to be gathered and the subjects reconsidered at an appropriate time.

ProPAC Budget Activities

Mr. Natcher: Insert in the record at this point a list of the research contracts awarded in FY 1985 and to date in 1986 with the amount of funding for each project?

PROPAC RESEARCH CONTRACTS AWARDED - FY 1985

		Contract Amount	
I.	Research Support Services		$212,500
	o Allocation of Nursing Costs	$37,502	
	o Quality of Care	$43,629	
	o Discretionary Adjustment Factor	$35,900	
	o PPS Market Basket Studies	$47,989	
II.	Technical Analysis Support Services		$157,964
	o DRGs for Cardiac Pacemaker Patients	$8,804	
	o PPS Payments for Expensive Devices	$37,919	
	o PPS Payments for Heart Transplantation	$12,431	
	o DRGs for Lymphomas and Leukemias	$24,826	
	o Measurement of Hospitals' Case Mix	$21,329	
	o Clinical Panel Management	$52,655	
III.	Hospital Labor Market Areas Study		$209,487
IV.	Change in Case Mix and Patient Complexity		$208,450
V.	Geographic Variations Grants		$50,000
VI.	Other Research Projects		$10,500
	o Effects of PPS on Hospitals	$4,000	
	o Hospital Managerial Strategies	$6,500	
VII.	Computer Support Services		$230,726
			$1,079,627

PROPAC RESEARCH CONTRACTS AWARDED
(TO DATE) - FY 1986

			Contract Amount
I.	Research Support Services (Continuation of FY 85 Contract)		$150,000
II.	Technical Analysis Support Services (Continuation of FY 85 Contract)		$150,000
III.	Geographic Variations Grants (Continuation of FY 85 Grants)		$50,000
IV.	Other Research Projects		$86,775
	o Financial Flexibility in the Hospital Industry	$3,000	
	o Maryland's Per-Diem Method of Allocating Costs	$8,000	
	o Evaluation of HCFA's "Speed Audit" Sampling	$32,800	
	o Differences Between Excluded and PPS Hospitals	$14,575	
	o Analyses of Capital Payment Issues	$9,900	
	o State Use of DRG-Based Systems	$6,500	
	o Review of PRO Quality Assessment Activities	$12,000	
V.	Computer Support Services (Continuation of FY 85 Contract)		$190,000
			$626,775

Mr. Natcher: Your FY 1987 budget includes $132,000 for travel costs. This is an increase of 15% over 1986 and 41% over 1985. What do you do to monitor and control these costs?

Dr. Altman: Much of the travel budget is spent by Commissioners coming from their homes to Washington or other locations for meetings of the Commission and Subcommittees. Congress' recent addition of two Commissioners to ProPAC will create a need for additional travel funds for those individuals. Staff travel expenses have increased due to the growing awareness of the Commission and its role. Many different groups involved in health care delivery and financing, including groups such as professional and beneficiary associations, have requested that ProPAC staff meet with or address them to describe the Commission and its activities and explain how they may play a role in the Commission's business. With regard to all of our Commissioner and staff travel we make every attempt to minimize expenses.

Mr. Natcher: On page 5 of your budget you indicate that you have budgeted $23,000 for "other compensation". What costs are included in this category?

Dr. Altman: This item includes a physician comparability allowance for the physicians employed by ProPAC, as well as overtime pay for clerical support. The physician comparability allowance is authorized under Public Law 95-603, the Federal Physicians Comparability Allowance Act of 1978, as applied to ProPAC under Public Law 98-369, the Deficit Reduction Act of 1984. $20,000 is allocated to physician comparability pay and $3000 to overtime pay for clerical support. Presently, there are four physicians on the ProPAC staff.

OTA Report on ProPAC

Mr. Hoyer: According to the March 1986 Report by the Office of Technology Assessment, you are doing a great job, Dr. Altman. Congratulations. In the text of the report, several issues are raised for future Congressional consideration. They relate to the impact of ProPAC on the Medicare program and the general health care system, your analytical agenda as it relates to your agenda, and whether your extramural research budget is spent according to your priorities. Can you please respond to these issues?

Dr. Altman: As you noted, OTA was very complimentary about ProPAC's activities in their recent report, and we were very pleased about their conclusions. OTA noted that the three issues you raise are issues that Congress may wish to consider in assessing our activities and progress. My own personal view is that our impact on the Medicare program and on the general health care system has been positive and significant. We have been asked to testify before, meet with, and provide technical assistance to the Congressional Committees with jurisdiction over the Medicare program. With regard to our analytical agenda and extramural research budget, the Commission has established procedures and criteria for allocating our resources which relate to our existing statutory mandate and which encourage public involvement in our agenda-setting process. In addition, criteria for allocation of our resources also include whether analytic and research activities are cost-effective and constitute a reasonable use of our limited funds and staff. Finally, we also carefully monitor the research and analysis being undertaken by other agencies and organizations, to avoid wasteful duplication. In the event that Congress changes our statutory mandates or requests that we orient our activities to areas which have not previously been given a high priority, we would anticipate being responsive to new directives or suggestions.

Procedures for Public Comment

Mr. Hoyer: I am glad to see that as of the July 1985 Commission meeting, you have adopted procedures for improved public comment. What has been the response to this change?

Dr. Altman: As you noted, at our July 1985 meeting our procedures were modified to allow public comment at the end of each open session of the Commission or its Subcommittees. We have used this procedure as a kind of minimum threshold of public comment; in fact, in most cases, public comment is requested by the meeting Chair throughout the procedings, so that public comment can come at the time a particular subject is being discussed, not just at the end of the session. This is particularly true when we reach the process of voting on recommendations. We have had some excellent comments and presentations made by representatives of the public and various interested groups over the last year which have assisted us in our decision-making process.

Recent ProPAC Recommendations, Budget & Processes

Mr. Hoyer: In the last year, what changes have you suggested for the prospective payment system?

Dr. Altman: Our major recommendations include those contained in our April 1986 Report and Recommendations to the Secretary. These recommendations include an update factor, or change in Medicare PPS payments which would result in an approximate 2.8% increase in hospital payment per case in fiscal year 1987. The Commission also recommended a series of changes in DRGs so that they reflect the use of new technologies and other practice pattern changes, and we recommended the annual recalibration of all the DRG weights. Several recommendations addressed the inclusion of capital in PPS, and other recommendations dealt with quality of care and beneficiary concerns. Last summer, after extensive analysis, the Commission recommended that the transition to national PPS rates be stopped for fiscal year 1986, beginning again in fiscal 1987. A modification of this transition change was enacted by the Congress in the Consolidated Omnibus Budget Reconciliation Act of 1985.

Mr. Porter: What are the main reasons for the increased budget request for fiscal year 1987?

Dr. Altman: The primary reasons for the increases requested in our fiscal year 1987 budget relate to higher expenditures for computerized analytic work (payments for mainframe computer support) and the addition to two Commissioners to ProPAC.

Mr. Porter: In last year's appropriations bill, this Committee encouraged ProPAC to implement procedures which would allow improved public participation in its deliberations. What steps were adopted at the July, 1985 Commission meeting to allow adequate public comment periods?

Dr. Altman: As you mentioned, we did adopt new procedures for public comment on Commission deliberations at our July, 1985 meeting. As I noted in my response to Mr. Hoyer's question, these procedures allow public comment at the end of each open session of the Commission or its Subcommittees. In fact, public comment is usually requested by the Chair throughout the meeting, so that public participants have an opportunity to comment at the point in the proceedings where their views are most relevant. We have been pleased at the thoughtful and constructive comments and suggestions provided to the Commission during the public comment periods.

Mr. Porter: Does ProPAC have enough funding and support to complete its mission?

Dr. Altman: Our funding is presently adequate to allow us to provide the reports and recommendations required by the statute.

Assessment of PPS

Mr. Porter: How is PPS working? In your judgment, what changes or reforms are needed at this time? Are quality concerns being adequately addressed?

Dr. Altman: I believe that the collective judgment of the Commission is that PPS is generally working well, and that the system is definitely responding to the incentives built into it. There are clearly some problem areas -- many of which we have documented in our reports and recommendations, and many of which we are still analyzing. There are equity issues between and among hospitals which must be addressed, and the system will continue to need refinement and modification as we become more sophisticated about its effects and impact.

As far as quality of care is concerned, we have been aware of the reports in the media and in Congressional hearings about problems, and we funded a study to review these reported incidents of possible quality problems with our research funds last year. We were relieved, in one sense, to find that the number of such incidents which we were able to identify and review was limited. On the other hand, any negative quality- related incidents should cause us to carefully review the impact of the system. The study that we funded was very useful in identifying several serious policy-related issues that need further definition and exploration. These issues include: the discharge of beneficiaries more quickly because of shortened length of stay; a series of misconceptions about how the system works and the nature of patients' rights; the lack of availability or accessibility of alternative post-hospital care; and the inability of PROs to identify and monitor quality of care. These findings led us to make several recommendations in our recent April report to the Secretary regarding more and better information for beneficiaries about PPS and their rights, and concerning an expanded review focus for PROs.

Effectiveness of PROs

Mr. Porter: In your view, how effective have the Peer Review Organizations (PROs) been in preventing fraud and abuse within the DRG system? Is there room for improvement in this area?

Dr. Altman: We have not looked specifically at the PROs work in monitoring fraud and abuse. It is our understanding that they have carefully reviewed the DRG coding assignments, which is one area which might be considered to be subject to possible fraud and abuse, and they have also been charged with some specific reviews in areas previously reported to have been subject to abusive practices, such as pacemaker implants. Our own review of the quality of care area, which I mentioned before, led us to make two recommendations regarding the limited expansion of PRO review. These recommendations call for PRO review of the entire episode of illness, including the quality of care (and outcome) related to skilled nursing or home health care. We also recommended that PROs should be required to review and monitor the quality of care and outcome of outpatient surgery for selected patients and procedures.

Transition to National PPS Rates

Mr. Porter: Last year, you indicated that the issue of a transition to national DRG rates for hospital reimbursement had produced a split vote on the Commission that no recommendation was made. Has there been any change within the Commission on this issue? Did 1985 produce any additional data on this?

Dr. Altman: At the July 1985 meeting of the Commission, ProPAC did reexamine the issue of whether the scheduled progression to national PPS rates should proceed. At that meeting, we called for a one-year pause in the transition to national payment rates. This was based on preliminary staff analysis showing a significant redistribution of PPS payments resulting from the transition. While this had been expected, the Commission was concerned that the reasons for the redistribution are not well understood, and that factors other than hospital efficiency may play a large role. Staff worked through the summer and fall and refined and updated the analysis of the effects of the transition. The results of this additional staff work reaffirmed the Commission's belief that the transition should be delayed, and we transmitted our analytic results to the Congress in October 1985. In the recently enacted Consolidated Omnibus Reconciliation Act of 1985, Congress did change the transition to maintain the fiscal year 1986 rates at a 45% hospital specific, 55% national rate.

Mr. Porter: What alternatives to a national DRG rate for hospitals are currently under consideration?

Dr. Altman: Several hospital groups have considered various ways of blending payments based on historical resource use. ProPAC has not evaluated any of these approaches to date.

Physician Reimbursement

Mr. Porter: Last week, the Ways and Means Health Subcommittee held its first hearing on reimbursement rates for physicians. As you know, this is going to be a very difficult issue. What recommendations, if any, has the Commission made in the area of physician reimbursement?

Dr. Altman: The Commission has not involved itself in the area of physician reimbursement at all. We do not consider it an appropriate area of focus, given our current legislative mandate.

ProPAC Capital Recommendations

Mr. Porter: It is my understanding that ProPAC has recommended an accelerated transition to PPS for major moveable equipment as part of an overall system for reimbursement of capital costs. Can you explain the Commission's reasoning behind this recommendation? Isn't a longer transition needed here? Shouldn't a final recommendation have been delayed so that there could have been greater public comment prior to issuance?

Dr. Altman: In its delilberations regarding capital payment policy, the Commission considered several transition options for moveable capital. The Commission concluded that any transition period that perpetuates the existing capital cost pass-through for moveable equipment would continue to provide incentives for inappropriate hospital purchasing behavior. Moreover, the Commission judgment was based on the belief that a large portion of the costs related to moveable capital acquired prior to the beginning of PPS have already been recovered. This is because moveable capital has a relatively shorter life in comparison to fixed capital. Therefore, a transition period is not necessary. Finally, the Commission's transition option for moveable capital provides immediate funds for hospitals that have not been able to afford equipment purchases.

The capital payment recommendations were finalized during open public meetings of the Subcommittee on Hospital Productivity and Cost Effectiveness and of the full Commission in March 1986. At each of these meetings, as is our practice, public comment was requested and reviewed by Commissioners. Prior to the March meeting, the Commission devoted a significant portion of its public sesssions during the previous year to discussion of the capital issue, soliciting public comment on several occasions regarding various capital payment options. In addition, the Commission reviewed correspondence submitted by several groups and individuals prior to adopting the capital payment recommendations contained in our April report to the Secretary.

ProPAC Staff Limitations

Mr. Porter: Has the statutory limit on the number of ProPAC staff presented any serious problems?

Dr. Altman: To date, the statutory limit of 25 staff and an Executive Director has not presented serious problems for the efficient and effective handling of Commission business.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Fiscal Year 1987

Justification of Appropriation
Estimates for Committee on Appropriations

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

FY 1987 Budget — Page

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PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Appropriation Language

General and special funds:

SALARIES AND EXPENSES

For expenses necessary to carryout section 601 of Public Law 98-21, [$2,893,000] $3,421,000 to be transferred to this appropriation from the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds (Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1986).

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Amounts Available for Obligation

	1985 Actual	1986 Estimate	1986 Estimate Minus Sequestration	1987 Estimate
Appropriation	$2,424,000	$2,893,000	$2,769,000	$3,421,000
Unobligated balance start of the year	$1,054,000	$355,000	340,000	0
Unobligated balance end of year	-$355,000	0	0	0
Unobligated balance lapsing	$140,000	-$8,000	-$8,000	0
Total, obligations	$2,983,000	$3,240,000	$3,101,000	$3,421,000

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Summary of Changes

	Budget Authority	Unobligated Balance	Obligations Incurred Net
FY 86 Current estimate	$2,893,000	$347,000	$3,240,000
FY 87 Estimate	$3,421,000	$0	$3,421,000
Net Change	$ +528,000	-$347,000	+ $181,000

	1986 Base		Change from Base	
	Pos. (FTE)	Budget Authority	Pos. (FTE)	Budget Authority
Increases:				
1. Salaries				
Fulltime	24	$1,081,000	+ 1	$ + 32,000
Commissioners	2	105,000	---	+ 11,000
Consultants	1	38,000	---	+ 4,000
2. Benefits	---	152,000	---	+ 6,000
3. Travel				
Staff	---	25,000	---	+ 4,000
Commissioners	---	90,000	---	+ 13,000
4. Standard Level user charges	---	81,000	---	+ 3,000
5. Mainframe Computer Services	---	275,000	---	+ 75,000
6. Other Communications (Telephone, Postage, Mail)	---	55,000	---	+ 7,000
7. Printing/Reproduction ...	---	107,000	---	+ 23,000
8. Other Contracts	---	96,000	---	+ 12,000
9. GSA Services	---	52,000	---	+ 2,000
10 Publications	---	8,000	---	+ 1,000
11 Supplies	---	18,000	---	+ 3,000
SUBTOTAL	---	---	---	+ $196,000

Summary of Changes (continued)

	1986 Base		Change from Base	
	Pos. (FTE)	Budget Authority	Pos. (FTE)	Budget Authority
Decreases				
Equipment (PC)	---	30,000	---	- 15,000
SUBTOTAL	---	---	---	- 15,000
No Changes				
Other Compensation	---	23,000	---	0
Research	---	1,000,000	---	0
Furnishings	---	4,000	---	0
NET CHANGE	---	---	---	$181,000

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Budget Authority by Activity

(Budget Authority in Thousands)

	1985 Actual		1986 Estimate		1987 Estimate	
	FTE	Amount	FTE	Amount	FTE	Amount
Administration & Management	23	$1,424	24	1,893	24	2,421
Data Development, Analysis and Research	2	$1,000	2	1,000	2	1,000
TOTAL		$2,424		2,893		3,421

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

FY 1986 Budget Review
(in thousands of dollars)

OBJECT CLASSIFICATION:	FY 1986 PLAN	FY 1986 SEQUESTERED PLAN	FY 87 PROPOSED BUDGET
Salaries:			
Fulltime staff	(1,081)	(956)	(1,113)
Other than fulltime	(166)	(166)	(181)
	1,247	1,122	1,294
Benefits:	152	138	158
Travel:	115	115	132
Standard Level user charges:	81	81	84
Communications, utilities, and other rent:			
Mainframe Computer Services	(275)	(275)	(350)
Telephone	(30)	(30)	(34)
Postage	(25)	(25)	(28)
	330	330	412
Printing & Reproduction and Photo services	107	107	130
Other Services:			
Research data and policy analysis studies	(1,000)	(1,000)	(1,000)
Other Contracts (Gov't. meetings, etc.)	(96)	(96)	(108)
GSA Services:	(52)	(52)	(54)
	1,148	1,148	1,162
Supplies and Materials:			
Supplies	(18)	(18)	(21)
Publications:	(8)	(8)	(9)
SUBTOTAL	26	26	30
Equipment			
Personal Computers	(30)	(30)	(15)
Office	(4)	(4)	(4)
SUBTOTAL	34	34	19
TOTAL OBLIGATIONS	3,240	3,101	3,421
OUTLAYS: from current year:	2,471		
from prior year:	1,665		
TOTAL OUTLAYS	4,136		

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Significant Items in House and Senate Appropriations Committee Reports

Items	Action Taken or to Be Taken
1984 House Report No. 98-911	
The Committee believes that the primary role of the Commission lies in a broader evaluation of the impact of Public Law 98-121 on the American Health Care System. The Committee therefore directs that the Commission submit an annual report to Congress which expresses its view on these issues.	The Commission will submit its first report February 1986 and annually thereafter.
1985 House Report No. 99-289	
The Committee is pleased that the Prospective Payment Assessment Commission is taking steps to establish procedures that allow improved public comment and participation in the deliberations of the Commission. Such comment is vital in assuring a broad representation of viewpoints and information. The Committee urges the Commission to implement these procedures promptly and to make such further changes as future practice indicates.	The Commission adopted procedures for improved public comment at the July, 1985 Commission meeting.

Significant Items in House and Senate Appropriations Committee Reports (continued)

1985 Senate Report No. 99-151

The Committee is pleased that ProPAC is taking steps to establish procedures that allow improved public comment and participation in the deliberations of the Commission. Such comment is vital in assuring a broad representation of viewpoints and information. The Committee urges the Commission to implement these procedures promptly and to make such further changes as future practice indicates.	The Commission adopted procedures for improved public comment at the July, 1985 Commission meeting.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Authorizing Legislation

	1986 Amount Authorized 1/	1986 Estimate	1987 Amount Authorized 1/	1987 Budget Request
PROPAC				
1. Administration & Management	NA	$1,893,000	NA	$2,421,000
2. Data Development, Analysis and Research	NA	$ 1,000,000	NA	$1,000,000

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[1] Per P.L. 98-21, Section 1886 (I)(i) authorizes, "such sums as may be necessary."

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Appropriation History Table

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1984	$1,500,000	$1,500,000	$1,500,000	$1,500,000
1985	$3,131,000*	$2,424,000	$2,410,000	$2,424,000
1986	$3,240,000**	$2,784,000	$2,893,000	$2,893,000
1987	$3,421,000			

*Anticipates continuing FY 84 carryover of $707,000 allowing a total budget of $3,131,000 for FY 85.

**Anticipates continuing FY 85 carryover of $347,000 allowing a total budget of $3,240,000 for FY 86.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Budget Justification

FY 1987

General Statement

The Prospective Payment Assessment Commission (ProPAC) was established by Congress under the Social Security Act Amendments of 1983 (P.L. 98-21), when the Medicare prospective payment system (PPS) was enacted. ProPAC was established as an independent Commission to advise and assist the Congress and the Secretary of Health and Human Services in maintaining and updating the new Medicare prospective payment system.

The formal responsibilities of ProPAC are mandated in the law, with the work of the Commission centered in two primary areas: (1) recommending annually to the Secretary of HHS the appropriate percentage change in the payments made under Medicare for inpatient hospital care, ("the update factor"), and (2) consulting with and recommending to the Secretary necessary changes in the diagnosis related groups (DRG) and their relative weights. The first report of the Commission to the Secretary on both of these subjects was submitted April 1, 1985. The Commission also reports to Congress its evaluation of adjustments made by the Secretary with respect to the diagnosis related groups. The first report on this subject was submitted November 25, 1985.

The 15 member Commission, appointed under the law by the Director of the Congressional Office of Technology Assessment, is assisted in its work by an Executive Director and a staff of not more than 25. Meetings are held periodically and are open to the public. The Commission has adopted rules to allow maximum public involvement in procedures and decision making. ProPAC will usually operate within a structure in which issues and information are first considered by an appropriate subcommittee, and then brought to the full Commission's attention. Three subcommittees have been appointed: Diagnostic and Therapeutic Practices, Hospital Productivity and Cost-Effectiveness and Data Development and Research.

In making its recommendations, the Commission will consider the "market basket" of goods and services that hospitals purchase, hospital productivity, technological and scientific advances, quality of care and long-term cost-effectiveness of services. In order to carry out its responsibility to identify medically appropriate patterns of health resources use, the Commission is required to collect and assess information on regional variations in medical practice, length of hospitalization and the safety, efficacy and cost-effectiveness of new and existing medical and surgical procedures, practices, services and technologies. While the Commission uses existing information and its staff for analysis where possible, it also uses its authority to award grants or contracts where existing information is inadequate and where the scope of analysis exceeds staff capability.

The Commission was appointed in November, 1983 and began its work with a $1.5 million appropriation authorized for FY 84. Staffing of the Commission and substantive work began in the spring of 1984. A budget of approximately $3.1 million was requested for FY 85. $2.4 million was appropriated by Congress, together with a projected $700,000 in carry-over funds from FY 84, bringing the total to the requested amount. The actual carry-over amounted to approximately $1 million, however. Thus about $3.4 million was available for spending in FY 85. Actual obligations were $2,983,000.

The FY 86 appropriation of $2,893,000 plus carry-over of $347,000 met ProPAC's budget request of $3,240,000. The unexpended portion of the carry-over funds ($140,000) lapsed in FY 85 and an additional $8,000 will lapse in FY 86. The appropriation request for FY 87 is $3,421,000, an increase of $181,000 over the FY 86 budget.

Funds are expended in two major categories:

Administration and Management
Data Development, Analysis and Research

It is important to note that the major expenditures are in the $2.42 million Administration and Management category.

The remaining $1 million for the Data Development, Analysis and Research category will only be expended to outside organizations and individuals, through grants and contracts, primarily to provide a detailed quantitative information base for the Commissioners to use in formulation of recommendations and reports.

Administration and Management (2.42 million)

This category includes funding necessary for payment of Commissioners for travel and time spent on Commission business; for salary and benefits for an Executive Director and staff of not more than 25 fulltime equivalent personnel; for facilities, supplies, equipment and travel of that staff; for communications with the public, including maintenance of mailing lists, publication of reports and expenses associated with open meetings of the Commission and for other administrative expenses associated with facilitating the work of the Commission. In addition, computer services associated with analysis conducted by ProPAC staff falls into this category. These budget items are specifically listed below:

Administration and Management (in thousands)	FY 87
Salaries	$ 1,294
Benefits	158
Travel	
Commission and Subcommittees	103
Staff, Consultants	29
Rent and Communication	496
Printing and Reproduction	130
Other Services	162
Supplies and Materials	30
Furniture and Equipment	19
	$ 2,421

Data Development, Analysis and Research ($1 million)

This category represents that portion of the proposed budget expended through grants and contracts with outside organizations and individuals to provide a detailed quantitative information base for Commissioners to use in formulation of recommendations and reports. A significant portion of these funds will be expended in areas which focus upon the impact of PPS on the American health care system in general and the Medicare program and its beneficiaries in particular.

Major projects funded during FY 85 relate to the Commission's responsibility to develop an update factor for PPS and exempt hospitals, to improve the definitions of hospital labor market areas and wage indexes, to distinguish between true case mix change and coding change, and to improve DRG classifications. Additional studies focused on quality of care, the allocation of nursing costs and payment for expensive prosthetic and implantable devices. During FY 86 and FY 87 major new projects will be funded focusing on quality of care, discharge planning and the health and functional status of Medicare patients following their hospital discharge.

Studies funded from this portion of the budget will be, as noted, directed toward developing data and analyses for use by Commissioners for decision-making purposes. It is not anticipated that these funds would be used for clinical research, controlled trials, or formal technology assessments, however. Other governmental and private sector organizations have expertise and experience in these areas. Rather, the Commission has established liaison relationships with organizations established to conduct such research and anticipates that it will continue to rely upon these groups for any such formal research which is needed to support its mandate.

Commission Accomplishments

As noted, the Commission was appointed in November 1983 and became operational in 1984. The first report and recommendations to the Secretary of Health and Human Services was submitted April 1, 1985. Formal comments were provided to the Secretary of Health and Human Services on the regulations proposed for the fiscal year 1986 prospective payment system. A report to the Congress on the adjustments made by the Secretary was submitted in November, 1985. A report to the Congress on PPS and the American health care system will be submitted in February 1986.

The Commission has provided testimony before the House Ways and Means Committee, House Budget Committee, and Senate Finance Committee on subjects related to our expertise, and has worked with these Committees on particular analytic problems at their request. In addition, the Commission has worked with a number of outside groups concerning problems in the prospective payment system.

The Commission's second report and recommendations to the Secretary will be submitted by April 1, 1986. This report contains recommendations in the two areas mandated by P.L. 98-21: the "appropriate change factor," or update of the level of PPS payments per discharge which in the judgment of the

Commisssion represents the most appropriate change in dollars which should be expended per case on Medicare inpatient hospital care for beneficiaries; and, modifications necessary, in light of new data and changing technology and practice patterns, to the DRG classification and weights.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Consultant Services

FY 1986 Budget

Estimates for Consulting Services

Obligations

1985	1986	1987
$34,000	$38,000	$42,000

The Prospective Payment Assessment Commission request for consultant services for FY 87 is $42,000. This is an increase over the FY 86 amount of $4,000. These funds will be used to purchase consulting services in areas where staff expertise is not available and where direct employment of such expertise is inefficient or unnecessary on a continuing basis. Because the number of ProPAC employees is limited by statute to 26, there are a number of instances where it becomes more appropriate to purchase expertise for a limited time period than to employ full or part time staff. Such areas include: expert consultants to appear at Commission or Subcommittee meetings for the purpose of making reports or presentations on issues of importance to Commission decision-making; statistical and methodological expertise, to assist in planning our analytic agenda and to assist in evaluating products or proposals of grantees or contractors.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Estimates for Related Services

Obligations

	FY 85	FY 86	FY 87
GSA	$50,000	$52,000	$54,000
Other Contracts	$74,000	$96,000	$108,000

This category includes funds for a contract with the General Services Administration (GSA) for certain administrative functions, including: accounting, personnel and payroll, budget, facility and supply management and procurement, etc. Because of the statutory limit on the size of ProPAC staff, it is much more efficient and effective to use the GSA organization, which has been established to provide services to small Federal agencies, boards and task forces, rather than attempt to establish this expertise within the ProPAC staff.

Other funds in this category are used for contract services in a number of other areas. These include: the provision of large public meeting rooms for Commission meetings, transcripts of meetings, editorial and other services related to preparations and publications of reports; training for staff in various areas, particularly in the use of computer and special software computer products unique to ProPAC's needs.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSSION

Personnel - Salary Ranges

Salary Range	(FY 86) FTE	(FY 87) FTE
$18,000 - 28,000	6	6
$33,000 - 40,000	5	6
$40,000 - 49,000	9	7
$50,000 - 58,000	2	4
$64,000 - 69,000	3	3
	25	26

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

SALARIES AND EXPENSES

DETAIL OF PERMANENT POSTIONS[1]

95-3400-0-1-551

	1985 actual	1986 estimate	1987 estimate
Executive level	2	2	2
GS/GM - 15	2	4	4
GS/GM - 14	7	6	6
GS/GM - 13	5	5	5
GS - 12	3	3	3
GS - 9-11	2	3	3
GS - 6-8	4	3	3
Total number of full-time permanent positions................	25	26	26
Total compensable workyears: Full-time equivalent employment...	27[2]	28[2]	28[2]

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[1] This schedule is for comparison purposes only, as ProPAC currently does not use the formal government system of grading salaries. Each salary is negotiated individually. These salary ranges for FY 85 and Fy 86 appear on the schedule, "Personnel - Salary Ranges".

[2] The statute requires that Commissioners be paid for the time which they devote to Commission business. The meeting time of the 15 Commissioners equals 2 FTEs. This, added to the 25 staff, yields 27 FTEs.

SALARIES AND EXPENSES

Object Classification (in thousands of dollars)

95-3400-0-1-551	1985 Actual	1986 Estimate	1987 Estimate
Personnel Compensation:			
11.1 Full-time permanent	896	1,081	1,113
11.3 Other than full-time permanent	152	166	181
11.9 Total personnel compensation	1,048	1,247	1,294
12.1 Personnel benefits: Civilian	128	152	158
21.0 Travel and transportation of persons	93	115	132
22.0 Transportation of things.	2	0	-----
23.1 Standard level user charges	80	81	84
23.2 Communications, utilities and other rent	200	330	412
24.0 Printing and reduction ..	54	107	130
25.0 Other services	1,234	1,147	1,162
26.0 Supplies and material ...	25	26	30
31.0 Equipment	119	34	19
99.9 Total obligations ..	$2,983	$3,240	$3,421

ACCOUNT	1985 ACTUAL	1986 REQUEST	1986 APPROPRIATION	1986 APPROPRIATION MINUS SEQUESTRATION	1986 REVISED REQUEST (Including supps. & rescis.)	1987 ESTIMATE
ProPAC	$2,983,000	$2,893,000	$2,893,000	$2,769,000	N.A.	$3,421,000
Carryover		347,000	347,000	332,000		
TOTAL		$3,240,000	$3,240,000	$3,101,000		

THURSDAY, APRIL 17, 1986.

RAILROAD RETIREMENT BOARD

WITNESSES

ROBERT A. GIELOW, CHAIRMAN

C. J. CHAMBERLAIN, LABOR MEMBER

JOHN D. CRAWFORD, MANAGEMENT MEMBER

WILLIAM DOYLE, INSPECTOR GENERAL

NORMAN SOLOMON, CHIEF ACTUARY

GEORGE DE LANEY, ASSOCIATE EXECUTIVE DIRECTOR, UNEMPLOYMENT AND SICKNESS INSURANCE

ROBERT S. KAUFMAN, ASSOCIATE EXECUTIVE DIRECTOR, RETIREMENT CLAIMS

DALE ZIMMERMAN, GENERAL COUNSEL

KENNETH BOEHNE, ASSOCIATE EXECUTIVE DIRECTOR FOR FISCAL OPERATIONS

Mr. NATCHER. We take up next the Railroad Retirement Board. Come around, gentlemen.

We have Mr. Gielow and Mr. Chamberlain and Mr. Crawford. Mr. Crawford, I believe you succeeded our old friend, Mr. Oliver.

Mr. CRAWFORD. Yes, sir, I did.

Mr. NATCHER. We are delighted to have you three gentlemen before the committee at this time to justify the budget request for the Railroad Retirement Board.

Mr. Gielow?

Mr. GIELOW. Thank you, Mr. Chairman.

I have a formal statement which I would ask be admitted for the record.

Mr. NATCHER. It will be placed in the record.

Mr. GIELOW. Thank you, and I would also like to introduce to the committee our new statutory Inspector General, who is here this morning, Will Doyle, who was appointed by the President and confirmed in January.

We have two new people, Mr. Crawford and Mr. Doyle, at the Board since we met with you last.

I would like to summarize a couple of things that are in my formal report, to highlight some of the accomplishments that I believe should be mentioned, and also to highlight one of the principal challenges that we are going to have to cope with in the 1987 budget year.

60-667 O—86——25

ACCOMPLISHMENTS

First, we are very proud of the accomplishments that we have made in our automation projects. We started our automation projects approximately in 1983, and this year has been really the first concrete accomplishment that we can report to you.

The first one is that we have installed and have operating computer terminals in 79 of our field offices, hooked up to our headquarters. This has allowed us to make major improvements in the quality and timeliness of the service to our constituents. We are on line to the degree that we can call up records and have them immediately available to our constituents at our local offices. This has been a big boon.

The second accomplishment is the almost completion of our administrative management information system. We are either in production or in testing of our major systems, and we would call this one of our accomplishments at this time.

The point I would like to raise particularly is that we have implemented what the Administration is hoping to do, which is using off-the-shelf software, modifying it for our own use, rather than doing individual development. To the degree that we have done this, other government agencies have been coming out to review our installation to see if it is adaptable to them. We have had, for instance, the General Accounting Office, the FDIC, the Smithsonian Institute and the CIA come in to look at the way we have adapted these systems.

Third, we have installed a new computer in a new computer installation. You authorized funds for a new computer room, which is now fully completed. The computer came in without a hitch. It now gives us 10 times the computer power that we had previously, and this is going to be very essential for our principal automation project, which is our Retirement Claims Processing System—RCPS. We are about halfway along with this $15,000,000 project, and we have a major milestone coming up this fall. We are optimistic about our progress on that as well.

TAXATION

Our problem, our major item that we are confronted with, is the taxation changes that were contained in the reconciliation bill, passed two weeks ago. They require us to implement an entirely new taxation system for approximately 450,000 of our retirees. This is a major programming effort, and will have a major effect on our data processing bureau, as well as our other people. Combining this with the number of people we already have devoted to our RCPS system is going to cause us a major personnel crunch.

PERSONNEL PROBLEM

In connection with that, I might just say that the data processing personnel problem is a major problem. We lose many of our senior people because we are unable to compete with private salaries being offered them. We are constantly losing our good people.

I couldn't help but think, as I was listening to our handicapped group here earlier, we have two blind programmers working on a specially modified computer terminal, which has audio capability.

In other words, they are able to talk to the terminal, and the terminal talks back to them. It is really a rewarding experience to get their appreciation for the opportunity to be useful, and to be doing useful work.

The problem that we have with personnel is an acute one. I address it to you not solely as our own problem, but I think it is a universal problem within government agencies.

The point is that in order to accomplish our mission we are going to have to readjust our priorities. We realize the importance of the taxation legislation, and we are going to implement it. The notices will be out by January of 1987, which is what we are obliged to do. But in order to do that, we cannot afford any reductions in personnel or our budget.

That is my statement, Mr. Chairman.

[The statement of Mr. Gielow follows:]

OPENING STATEMENT
FISCAL YEAR 1987 APPROPRIATION HEARINGS

Mr. Chairman and Members of the Committee, I would like to begin with some general information about the Railroad Retirement Board.

Programs Administered by the Railroad Retirement Board

The Railroad Retirement Board is an independent agency in the executive branch of the Federal Government. Our primary function is to administer retirement/survivor and unemployment/sickness insurance benefit programs for the nation's railroad workers and their families, under the Railroad Retirement and Railroad Unemployment Insurance Acts. In connection with the retirement program, the Board has administrative responsibilities under the Railroad Retirement Act for certain Social Security benefit payments and railroad workers' Medicare coverage.

Because of our experience with railroad benefit plans, the Board has been given, in recent years, administrative responsibility for certain employee protection measures provided by other Federal railroad legislation, such as the Regional Rail Reorganization Act and the Northeast Rail Service Act. These programs will soon expire and current claims levels are declining.

During fiscal year 1985, the Board paid over $6 billion in retirement and survivor benefits and over $175 million in unemployment and sickness insurance benefits. At the end of the fiscal year, there were over 950,000 beneficiaries receiving railroad retirement and survivor benefits. During the benefit year that ended in June 1985, over 80,000 railroad workers received unemployment insurance benefits and over 50,000 received sickness insurance benefits.

Sources of Revenue

The primary source of revenue for the retirement/survivor program is payroll taxes on railroad employers and employees. Other sources of revenue currently

OPENING STATEMENT (cont.)

include a financial interchange with the social security trust funds, interest on investments, and general funds. For certain vested dual benefit payments which will continue through the year 2025, the Congress appropriates funds from the general Treasury.

Railroad unemployment and sickness benefits are funded by payroll taxes on railroad employers and through loans from the rail industry pension funds.

Structure of the Board

The Board is administered by three members appointed by the President, with the advice and consent of the Senate. One member is appointed upon recommendation of railroad employee organizations, and another is appointed upon recommendation of railroad employers. The third member, who is the Chairman, is independent of railroad labor and management and is appointed to represent the public interest. The terms of office are 5 years, and they are scheduled to expire in different years.

In January of this year, we welcomed another Presidential appointee to the agency. Mr. William J. Doyle III was appointed Inspector General of the Railroad Retirement Board. Mr. Doyle does not participate in the administration of the agency, but rather, is independent. He is responsible for keeping the Board Members and the Congress informed about problems and deficiencies in the Agency's programs and operations, about the need for corrective action and about progress of corrective action.

Recent Developments

In August 1985, we observed the 50th anniversary of the Railroad Retirement Act of 1935. Since 1935, the Board has awarded benefits under the railroad retirement system to 1,600,000 retired railroad employees, 900,000 spouses and 2,000,000 survivors. The Board looks forward to continued service to the railroad industry.

OPENING STATEMENT (cont.)

Like the industry it serves, the Board is taking advantage of advances in technology to improve its operations. Our highest priority effort is to improve our automated systems so as to better serve our beneficiaries.

Detailed system design is underway to develop an on-line transaction-oriented retirement claims processing system (RCPS) that will encompass retirement, survivor and Medicare claims operations. January 1988 is our target completion date for this system.

We are also making progress toward our goal to integrate and automate various administrative and financial management functions. We began development of an administrative management information system (AMIS) in fiscal year 1983. Most of the major components of the AMIS system are currently in production or system testing. AMIS is also an on-line transaction-oriented system and will interface with the RCPS.

We have installed terminals in 79 field locations. These terminals are currently being used to answer questions regarding the status of benefits. Some field offices are inputting data into the AMIS system on a test basis. Eventually the RCPS system will be made available to field offices through these terminals.

In October 1985, we completed a major upgrade of our computer facility. This included acquisition of a new computer mainframe and high density disk storage system. This upgrade will support the large data base operation currently being developed.

Public Law 99-177

In implementing sequestration required for fiscal year 1986 under the Balanced Budget and Emergency Deficit Control Act of 1985, the Board reduced its

OPENING STATEMENT (cont.)

limitations for administrative expenses by a total of $3,092,000. In keeping with Administration guidelines, the Board made this reduction without furloughs or reductions in force.

We made a reduction of $1,667,000 in the rent of equipment object class because we were able to purchase a new computer and disk storage devices with reprogrammed fiscal year 1985 funds approved by the Congress. We then reduced, as much as we thought we could, funds in various other object classes, such as travel, rent of building, communications, printing, medical fees, training, and supplies. Finally, we made a reduction of $318,000 in funds for the retirement claims processing system.

Sequestration also resulted in a reduction of $16.9 million from the $392 million appropriated for vested dual benefit payments. About 310,000 railroad retirement annuities include vested dual benefit payments. Decreases to these payments are estimated to average $10 a month for retired employees, $8 a month for spouses and $4 a month for widows. The average reduction in the total monthly check for those receiving a windfall dual benefit will be about 2%.

Together these changes will result in a less than 1% decrease in the average monthly railroad retirement check.

In the Rail Industry Pension Fund, $18 million for benefit payments were sequestered. Suspended were tier II railroad retirement cost-of-living increases averaging $2 a month for retired employees and $1 a month for spouses and widows.

Funds available for railroad unemployment and sickness insurance benefits were reduced $7.8 million. Current estimates indicate, however, that remaining funds will be adequate for the payment of railroad unemployment and sickness insurance benefits without reduction during the rest of the fiscal year, if rail industry unemployment does not increase substantially from the levels currently forecast.

OPENING STATEMENT (cont.)

1987 Appropriations Requests

For fiscal year 1987, there is an appropriations request for administrative expenses for the railroad retirement/survivor benefit program and a separate request for administrative expenses for the Office of Inspector General. The Railroad Unemployment Insurance Act provides for permanent appropriations of funds for the administrative expenses of the unemployment/sickness insurance program.

Other requests are for appropriations for vested dual benefit payments and for reimbursement to the trust funds and the dual benefits payments account for uncashed checks.

Summary of Estimated Administrative Expenses

For fiscal year 1987, the Administration estimates that $70.7 million will be needed for the agency's administrative expenses. This is $1.2 million less than the original appropriation for fiscal year 1986 but $1.9 million more than the amount available after reductions under Public Law 99-177. The proposed level of 1,523 full-time equivalent employees (FTE's) for fiscal year 1987 is 55 less than the fiscal year 1986 level of 1,578 FTE's.

Limitation on Administration

The Administration's request for administrative expenses for the retirement/survivor program is $55,614,000. This will support 1,128 FTE's and their associated expenses. An additional 54 FTE's are funded from this account by a transfer from the Health Care Financing Administration to provide for administration of railroad workers' Medicare coverage.

Limitation on Railroad Unemployment Insurance Administration Fund

The Administration estimates that $13,919,000 and 306 FTE's will be needed in fiscal year 1987 for the administrative expenses of the unemployment/sickness insurance program. The Administration estimates also allow for an additional 10 FTE's for administration of the Title VII labor protection program under the Northeast Rail Services Act.

Limitation on Review Activity

This request is for administrative expenses of the recently established office of Inspector General. The Administration estimates that $1,167,000 will be needed. This will support 25 FTE's.

Dual Benefits Payments Account

The Administration requests $351,880,000 for vested dual benefit payments for fiscal year 1987. Of this amount, 75% is to be derived from general revenues and the balance from railroad employer contributions. This will allow continuation in fiscal 1987 of vested dual benefit payments at the level individuals will receive in September 1986.

Federal Payments to the Railroad Retirement Accounts

The Railroad Retirement Solvency Act of 1983 amended the Railroad Retirement Act to provide for monthly transfers from the Treasury of amounts represented by benefit checks drawn 6 months or earlier but not presented for payment. Amounts for reimbursement of such uncashed checks must be provided in advance in appropriation acts. The 1987 budget request, $3,100,000, is based on an estimate of the amounts due for such uncashed checks.

Administration Proposals

On behalf of the Administration, I am presenting the President's fiscal year 1987 budget proposals to correct inconsistencies and improve equity in the rail industry pension system.

The Administration considers the rail industry pension and unemployment systems inappropriate Federal functions and proposes transferring the rail pension system to the private sector and the rail unemployment program to the States. Under this proposal, rail labor, management, and retirees would be free to manage their pension system in the private sector without regard to P.L. 99-177 and other constraints.

The Adminstration also seeks immediate improvements.

Improvements would be accomplished by:

-- Subsidizing fully 75% of vested dual benefit payments from Federal appropriations, the rest to come from the rail sector. This would reduce the current windfall subsidy of some $1000 per railroad employee to about $750.

-- Extending Federal/State unemployment insurance coverage to railroad employees.

-- Correcting a legislative anomaly that discriminates in the treatment of rail industry pensions for cost-of-living adjustment purposes which would make uniform the treatment of all rail industry pensions. The Consolidated Omnibus Budget Reconciliation Act enacted the Administration's proposal to make consistent the way rail industry pensions treated. This proposal would simply extend the consistent treatment to cost-of-living increases.

-- Reviewing railroad retirement disability beneficiaries' eligibility. Social security finances railroad disability and pays more than it should because the Railroad Retirement Board does not review its disability rolls on a regular basis.

-- Offsetting railroad retirement disability benefits by the amount beneficiaries receive for the rail sector's equivalent of workers' compensation under the Federal Employers' Liability Act. Social Security offsets other workers' compensation against disability benefits but again pays more than it should to finance rail disability by not offsetting for rail sector's workers' compensation.

-- The railroad retirement trust fund would pay full cost of civil service retirement benefits for employees of the Railroad Retirement Board. Some 60% of those costs are currently financed by general taxpayers.

REMARKS OF CHARLES J. CHAMBERLAIN

Mr. Natcher. Mr. Chamberlain, we will be pleased to hear from you.

Mr. Chamberlain. We are delighted to have the opportunity to appear before you, to answer your questions and concerns relating to the appropriation request for the Railroad Retirement Board. This committee has always been sensitive to the needs of the Railroad Retirement System.

Your past support for reasonable levels of funding and staffing has allowed our agency to continue providing a good level of service to our beneficiaries. The Railroad Retirement Board has consistently maintained a record of low administrative cost to our system, and we will continue to review our operations to ensure their efficiency and effectiveness.

This committee is aware that under recently-passed legislation, our agency must comply with increased reporting and tax accounting requirements.

In order to fully meet these requirements, the Board must spend a significant amount of time during the coming tax year to make the necessary program and operational changes.

In reviewing our agency's personnel needs, we hope that the committee will recognize the need to create and maintain the new systems required under these tax reporting and accounting provisions, while continuing to provide good service to our beneficiaries.

As Labor Member, I would like to again thank the committee for your past support, and I look forward to working with you during the coming year.

[The statement of Mr. Chamberlain follows:]

Statement of C.J. Chamberlain, Labor Member of the Railroad Retirement Board

Mr. Chairman and Members of the Committee, we are once again honored to have the opportunity to appear before you to answer your questions and concerns relating to the appropriation request for the Railroad Retirement Board. This Committee has always been sensitive to the needs of the Railroad Retirement System. Your past support for reasonable levels of funding has allowed our Agency to continue providing a good level of service to our beneficiaries. The Railroad Retirement Board has consistently maintained a record of low administrative cost to our system, and we will continue to review our operations to ensure their efficiency and effectiveness.

This Committee is aware that under recently passed legislation, our Agency must comply with increased reporting and tax accounting requirements. In order to fully meet these requirements, the Board must spend a significant amount of time during the coming tax year to make the necessary program and operational changes. In reviewing our Agency's personnel needs, we hope that the Committee will recognize the need to create and maintain the new systems required under these tax reporting and accounting provisions, while continuing to provide good service to our beneficiaries.

As Labor Member, I would like to again thank the Committee for your past support, and I look forward to working with you during the coming year.

REMARKS OF JOHN D. CRAWFORD

Mr. Natcher. Mr. Crawford, this is your first appearance. You succeeded Mr. Oliver, and we will be pleased to hear from you at this time.

Mr. Crawford. Mr. Chairman, other than my written statement, I have nothing to add to what Mr. Gielow and Mr. Chamberlain have said.

[The statement of Mr. Crawford follows:]

Statement of John D. Crawford, Management Member, Railroad Retirement Board

Mr. Chairman and Members of the Committee, I am John D. Crawford, Management Member of the Railroad Retirement Board. I believe Mr. Gielow has succinctly and correctly summarized the state of the Railroad Retirement Board as of this date. He has also given the committee an accurate summary of the proposals in the President's Budget.

As management member, I am concerned about the effect several of these proposals would have on the already high level of taxes paid by the carriers. Specifically, railroad management considers that the proposal for the railroad sector to finance 25% of vested dual benefit payments, which would impose an additional $88 to $96 million in retirement taxes on the employers during fiscal year 1987, is not justified. This committee is well aware of the reasons for Congress' decision in 1974 to relieve the carriers of the financial reponsibility for benefit payments for which taxes have not been paid to the Railroad Retirement Board. I will not burden the record with a repitition of that history, but will be happy to furnish information if requested.

The railroad industry is also being asked to pay an additional $8 million per year in order to pay the full actuarial costs of civil service retirement benefits for employees of the Railroad Retirement Board. This represents an increase in payroll taxes from 7% to almost 28% of payroll. Since other federal agencies would have payroll taxes increased only 2% this year, and Congress decided more than 50 years ago that it was in the public interest to establish a federal agency to administer the Railroad Retirement and Unemployment system, treating the Railroad Retirement Board differently from other federal agencies is not justified.

For these reasons, I would like to place on the record my reservations as to the Administration's proposals in the Budget.

Thank you for the opportunity to present my views.

Mr. Natcher. I believe you have just taken office, Mr. Crawford. When, officially?

Mr. Crawford. June 3rd, 1985.

Mr. Natcher. Since you have been on, what are your impressions of the agency? Functioning well?

Mr. Crawford. Yes, sir, I believe our personnel are overworked. They are very dedicated people.

As a reflection of my faith in government, I did assume when I came there, since the law provided that an individual would get so much money, and not any more, I just assumed that there would be no room for overpayments or anything like that.

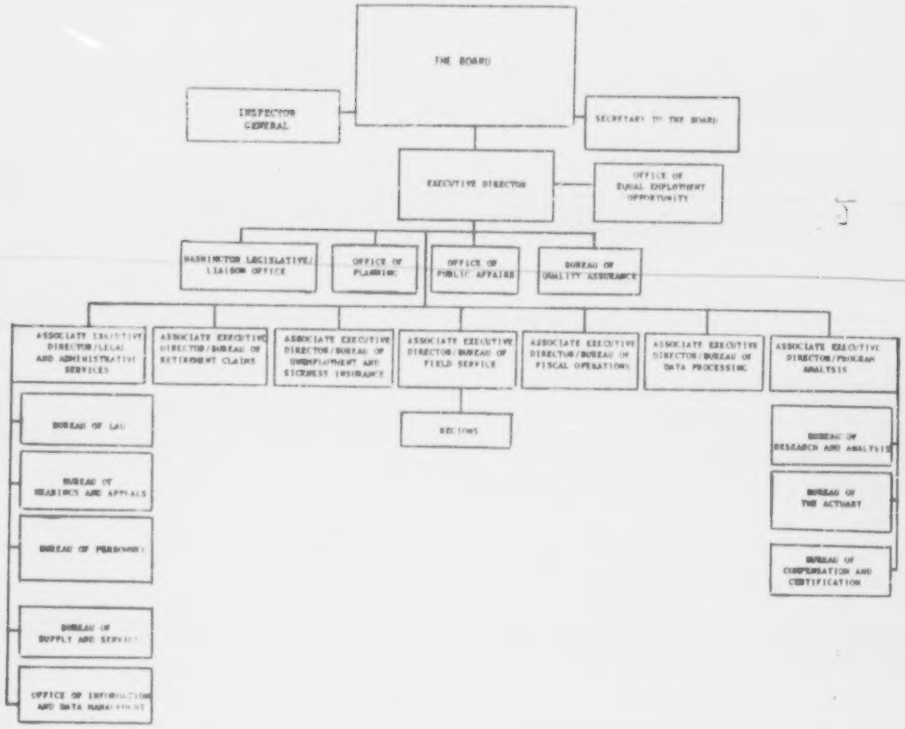
Since I got there, I can see because of the complexity of our programs, that with human beings administering it, we unfortunately do run into problems and overpayments and misadjustments because of legislation, and I really think it is a much more complex program than I anticipated when I was appointed by the President.

ORGANIZATIONAL CHANGES

Mr. Natcher. Gentlemen, if you will, supply for the record an organizational chart for the agency, and place it in the record at this point.

[The information follows:]

U.S. Railroad Retirement Board Administrative Organization


THE BOARD
INSPECTOR GENERAL
SECRETARY TO THE BOARD
EXECUTIVE DIRECTOR
OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY
WASHINGTON LEGISLATIVE/ LIAISON OFFICE
OFFICE OF PLANNING
OFFICE OF PUBLIC AFFAIRS
BUREAU OF QUALITY ASSURANCE
ASSOCIATE EXECUTIVE DIRECTOR/LEGAL AND ADMINISTRATIVE SERVICES
ASSOCIATE EXECUTIVE DIRECTOR/BUREAU OF RETIREMENT CLAIMS
ASSOCIATE EXECUTIVE DIRECTOR/BUREAU OF UNEMPLOYMENT AND SICKNESS INSURANCE
ASSOCIATE EXECUTIVE DIRECTOR/BUREAU OF FIELD SERVICE
ASSOCIATE EXECUTIVE DIRECTOR/BUREAU OF FISCAL OPERATIONS
ASSOCIATE EXECUTIVE DIRECTOR/BUREAU OF DATA PROCESSING
ASSOCIATE EXECUTIVE DIRECTOR/PROGRAM ANALYSIS
BUREAU OF LAW
BUREAU OF HEARINGS AND APPEALS
BUREAU OF PERSONNEL
BUREAU OF SUPPLY AND SERVICE
OFFICE OF INFORMATION AND DATA MANAGEMENT
REGIONS
BUREAU OF RESEARCH AND ANALYSIS
BUREAU OF THE ACTUARY
BUREAU OF COMPENSATION AND CERTIFICATION

Mr. **Natcher**. If you will, describe for the committee the organizational and management changes that have been made during the past year.

Mr. **Gielow**. During the last year, we did reorganize our management group under the Executive Director with—I think it is seven, am I correct—seven Associate Executive Directors, reporting directly to the Executive Director.

They meet regularly as an Executive Council, and this is the major change in the management organization that I would point out.

INSPECTOR GENERAL

Mr. **Natcher**. We note that you have a new appropriation account for 1987, the Inspector General. This is necessary?

Mr. **Gielow**. Well, this follows the 1983 legislation, which called for a statutory Inspector General, and as I indicated earlier, just since January, Mr. Doyle was appointed. He is our first Inspector General so that is a separate budget item established this year.

Previously, it was listed as a part of our overall budget under the Bureau of Audit and Investigation.

Mr. **Natcher**. Provide a biographical sketch of the new Inspector General, and we will place it in the record at this point.

[The information follows:]

Biographical Sketch for the Inspector General

President Reagan's appointment of William J. Doyle III to be the Inspector General of the U.S. Railroad Retirement Board was confirmed by the U.S. Senate on December 18, 1985. He was sworn in on January 14, 1986.

The Board's first Inspector General, Mr. Doyle will be responsible for promoting economy, efficiency, and effectiveness and for detecting any waste, fraud, or abuse in the programs and operations of the Board.

Since 1981, Mr. Doyle has served as Inspector General for ACTION, the national federal volunteer agency. From 1976 to 1981, he was the Executive Assistant to the Administrator of the Law Enforcement Assistant Administration at the U.S. Department of Justice, where he twice received Presidential letters of appreciation and received two outstanding performance awards from the Attorney General.

In 1975 and 1976, Mr. Doyle was Acting Director for the Office of Mortgage Compliance at the Department of Housing and Urban Development in Washington, D.C., where he received the Department's Special Achievement Award in 1975. During that time, he also served as Executive Management Advisor to the Executive Director of the Commission of Federal Paperwork.

From 1972 to 1974, Doyle served as Deputy Director of the Office of Compliance and Enforcement, Price Commission, Executive Office of the President, in Washington, D.C., where he twice received the Director's Award for Excellence.

He is also a member of the President's Council on Integrity and Efficiency, the Association of Federal Investigators, and the Federal Audit Executive Council.

Born May 18, 1941, Doyle is a native of Daytona Beach, Florida. He earned a Master's Degree in International Law and Relations in 1968 from Catholic University, Washington, D.C., and was awarded a Dean's scholarship for completion of his Ph.D studies. He graduated from Canisius High School, Buffalo, N.Y., while a resident of the town of Tonawanda.

Mr. **Natcher**. How many staff are assigned to the Inspector General's Office?

Mr. **Gielow**. The budget calls for 25. However, since he has just arrived, we are substantially less than that number, I believe it is about 15 at this point.

Mr. **Natcher**. How many are auditors or inspectors?

Mr. **Gielow**. Well, I will have to ask Mr. Doyle.

Mr. Natcher. Go ahead, Mr. Doyle.

Mr. William Doyle. Approximately 10 auditors, and we have one investigator.

Mr. Natcher. You are budgeting only $16,000 for travel expenses for the Inspector General's Office. That appears on page 58. How many of the 25 employees will be traveling during the year?

Mr. Gielow. Mr. Doyle?

I would think, at this point, Mr. Doyle just really got on board, as I say, in January, and is in the process of reviewing his budget. The budget number was really a rather general one, and I would suspect that the $16,000 would not be enough to do what, in talking with him, I know he proposes to do as far as travel of his investigators and his auditors, during the year.

REDUCTIONS UNDER GRAMM-RUDMAN

Mr. Natcher. Under Gramm-Rudman, your administrative accounts lost a total of $3,029,000 in 1986. Where in the agency will you make these reductions?

Mr. Gielow. For the current year, for 1986?

Mr. Natcher. Yes.

Mr. Gielow. Primarily we made reductions in our automation plans—we reduced about $300,000 from our RCPS, and the balance basically was made from a shift in going from a lease to a purchase of a computer.

Those were the two principal ones. That was almost $2,000,000, and then the balance came from miscellaneous travel reductions, and other smaller items.

Mr. Natcher. Will there be any employee furloughs for 1986?

Mr. Gielow. We do not plan any furloughs.

Mr. Natcher. How much of the reduction is restored in the 1987 budget?

Mr. Gielow. Well, the Administration budget called for approximately $70,000,000, and under the Gramm-Rudman, we were reduced to approximately $68,500,000, so there is about a $1,500,000 difference between those two figures.

However, the agency budget request was for $77,000,000.

Mr. Natcher. Under Gramm-Rudman, what effect did it have on dual payments for 1986?

Mr. Gielow. For dual payments, the effect was about $10 per retired employee per month, or a total of almost $17,000,000 for the year.

Mr. Natcher. How many of your beneficiaries receive dual benefits?

Mr. Gielow. A little over 300,000.

Mr. Natcher. What is the average monthly benefit amount?

Mr. Solomon. Norman Solomon. About $104 a month.

DUAL BENEFITS PROPOSAL

Mr. Natcher. For 1987, the President's budget contains some fairly complex legislative language in the appropriation account for dual benefits. Can you explain to the committee just what the Administration's proposal is, Mr. Gielow?

What do they have in mind?

Mr. Gielow. It is a rather complicated item, and I would like to ask Mr. Kaufman.

Mr. Kaufman. Which one?

Mr. Gielow. Dual benefit reductions in 1987.

Mr. Natcher. What is the rationale as far as the account is concerned, dual benefits? The President's budget contains right complex legislative language, the appropriation account for dual benefits.

What does the Administration proposal actually mean? What are they saying to us?

Mr. Gielow. Our General Counsel.

Mr. Zimmerman. General Counsel, Dale Zimmerman.

The Administration proposes first that, starting from the amount that is estimated as necessary to pay full windfall benefits in the 1987 fiscal year, 25 percent of that amount would be provided by a tax on railroad employers, so the first step would be to reduce the Federal appropriation by 25 percent, and have that 25 percent funded by a tax on the railroad employers.

In addition, the Administration has proposed that the amount of the cut in windfall benefits pursuant to Gramm-Rudman in fiscal year 1986 should be continued into fiscal year 1987.

In other words, what they are saying is, whatever level of benefits you were paying in September of 1986, the end of fiscal year 1986, because of the Gramm-Rudman reduction, continue that level of reduced benefits into fiscal year 1987. By continuing the 1986 Gramm-Rudman reduction in 1987, we can lower the Federal appropriation another notch.

In summation, the Administration is, first, proposing that railroad employers pay a portion of windfall costs, and then second, they are proposing to reduce 1987 windfall benefits by the amount they had been reduced in fiscal year 1986.

Those two pieces together serve to form the basis for the windfall appropriation requested in the Administration budget.

Mr. Natcher. Mr. Gielow, as you and the other gentlemen there with you know, if we agreed to this legislative language and placed it in our bill, first it would be subject to a point of order, on the House floor no question about that.

Down through the years, you know, we thought we had worked out our dual payment matter. Here they are asking for legislative language which would be subject to a point of order, 25 percent reduction in the appropriation and the industry would pay the 25 percent. Is that correct?

Mr. Gielow. That is correct.

Mr. Natcher. A little unusual way to go about it, Mr. Gielow?

Mr. Gielow. Yes, I would say so.

Mr. Natcher. We could not accept it.

Wouldn't the authorizing committee have something to say about it? Why don't they take it to the authorizing committee? Do you know?

Mr. Gielow. No, I do not. We were requested to provide the authorizing legislation, and that is as far as I know.

Mr. Natcher. Mr. Gielow, either on or off the record, do the Board members agree with the Administration's proposal?

Mr. CHAMBERLAIN. I am on the record. I will tell you, I don't agree with it.

Mr. CRAWFORD. I am on the record in my statement as being opposed to this, too, Mr. Chairman.

Mr. NATCHER. Mr. Gielow, you are not objecting to it?

Mr. GIELOW. No, I am not objecting to it. However, I have maintained in the past that I do not feel that the Board is really a policymaking agency.

As such, I have told the Administration that I really feel that it is counterproductive for me as the Chairman, since we have strong constituency representation, to take a position on that.

DUAL BENEFITS REQUEST

Mr. NATCHER. All right, Mr. Gielow. What is the actual budget request for the dual benefits account, $351,880,000, or $255,880,000?

Mr. GIELOW. $351,880,000.

Mr. CRAWFORD. That includes the $96,000,000 from the proposed employers' contributions.

Mr. NATCHER. What is the Board's best estimate of the amount required in 1987 to fully fund dual benefits?

Mr. GIELOW. $380,000,000.

Mr. NATCHER. The budget request is short by a considerable amount?

Mr. GIELOW. That is correct.

PROPOSED STAFF REDUCTION

Mr. NATCHER. The budget proposes a 1987 full-time employee reduction of 55, or 3.5 percent. Why is this being proposed, Mr. Gielow?

Mr. GIELOW. I think the logic basically is that lower workloads are expected in the unemployment section primarily, and this is where the primary reductions have been projected.

Mr. NATCHER. Is your unemployment and sickness claims workload dropping considerably?

Mr. GIELOW. I wouldn't define it considerably. We have present the head of our Bureau of Unemployment and Sickness Insurance. I could ask him, if you would like, for the record.

Mr. DeLaney?

Mr. DELANEY. No, the unemployment claims are not dropping precipitously. At the present time, I would say they are increasing somewhat because of the current labor dispute. The claims load is less than it was last year but it is running a little bit ahead of the projections that were made by our Bureau of Research.

Mr. NATCHER. What overall full-time employee level does the Board recommend for 1987?

Mr. GIELOW. We requested the same number that we had for 1986, which is 1578.

ADMINISTRATIVE EXPENSES

Mr. NATCHER. Although your staff level declines in 1987, your administrative budget total goes up about $1,800,000 over the 1986 revised level.

Would that be correct?

Mr. **Gielow**. I am not sure of the numbers you are referring to.

Mr. **Natcher**. Administrative budget total goes up about $1,800,000; is that correct?

Mr. **Crawford**. Yes.

Mr. **Natcher**. Over the 1986 revised level?

Mr. **Gielow**. That is not the Gramm-Rudman level, that is after?

Mr. **Natcher**. Yes.

Mr. **Gielow**. Ken Boehne, could you respond to the question?

Mr. **Boehne**. Not counting the statutory reserve, your figure is correct. The Gramm-Rudman figure is about $68,400,000, and what the President's budget calls for is $70,200,000.

Mr. **Natcher**. $1,800,000 difference, really.

Why do you need an increase of $236,000 or 32 percent for travel expenses, Mr. Gielow?

Mr. **Gielow**. One of the Gramm-Rudman reductions that we took in 1986 was heavily in our travel item. I think basically, we need to do more in supervising, getting out to our field offices, doing a better job of supervising, and this is the area that we need to pick up from where we reduced in 1986.

UNEMPLOYMENT ACCOUNT

Mr. **Natcher**. All right.

What is the current status of the rail unemployment account in the trust fund? Give us some idea of approximately how much is owed.

Mr. **Gielow**. About $800,000,000 is owed to the trust fund at this point. The actual income and outgo at this point, barring the interest costs, is slightly positive; in other words, we are taking in more than we are paying out at the present time.

Mr. **Natcher**. What is the Administration's proposal with regard to the unemployment account?

Mr. **Gielow**. The transfer to the States?

Mr. **Natcher**. Yes, sir.

Mr. **Gielow**. The Administration has over the years, said that it prefers the unemployment system be transferred to the States, and be taken from the Railroad Retirement Board to administer.

Mr. **Natcher**. Did your authority to borrow lapse on September 30, 1985?

Mr. **Gielow**. It did, but it has now been renewed in the Reconciliation Act, and we now have the authority to borrow once again.

AUTOMATION

Mr. **Natcher**. How much are you requesting for automation activities in 1987?

Mr. **Gielow**. We reported to the Congressional committee that asked for that information, a total of about $18,000,000, but that includes compensation, and is a total figure, including equipment, personnel, and all of the things that go into that.

Mr. **Natcher**. At this point in the record, when you get the transcript back, give us a statement about the status of your automation plan, where you are, and so forth.

[The information follows:]

STATUS OF AUTOMATION PLAN

Terminals have been installed in 79 field offices. These terminals are being used to answer questions regarding the status of retirement/survivor benefits, Medicare, and unemployment/sickness insurance benefits. The terminals enable field personnel to provide better service because they can respond to inquiries in most instances without contacting headquarters for information. Later this fiscal year, all district offices will be inputting time and attendance information directly into our Administrative Management Information System (AMIS).

In October 1985, a new data center became operational which houses a new computer mainframe and a high-density disk storage system.

Major components of our AMIS system are either in production or system testing except for a programmatic accounts receivable module and a cost accounting subsystem.

The Retirement Claims Processing System is scheduled for production in 1988. The requirements definition phase, where analysts document the retirement, survivor, and Medicare claims subsystems, is nearly complete and detailed systems design has begun.

STAFF SAVINGS FROM AUTOMATION

Mr. NATCHER. The justification on page 74 and 75 indicates that you may have overestimated the staff savings resulting from the automation plan.

What about that, Mr. Gielow?

Mr. GIELOW. Yes, as our administrative management information system has come on track, we have found that we underestimated the time for instructing people in its use.

We have underestimated the actual FTEs that we would be able to replace by this particular system. I think also, this has given us some pause for what we might in the future see as the savings that might come out of the implementation of the RCPS, the retirement claims processing system.

Mr. NATCHER. Mr. Conte?

Mr. CONTE. I want to join the Chairman in welcoming you gentlemen before the Subcommittee this morning. I have always said the Board is helpful and responsive, and you do some straight talking on an often complicated account. Welcome.

I also see our good friend Jim Snyder in the hearing room, and he has been here longer than you, Mr. Chairman.

RAILROAD RETIREMENT ACCOUNT

Mr. CONTE. Let me begin by checking in with you on the solvency of the Railroad Retirement System. Are you still projecting a good, sound system into the 21st century, or have conditions in the past year changed that projection somewhat?

Mr. GIELOW. No, I believe that we can report that the system is solvent, that the 1983 legislation is effective. I might ask Norman Solomon if he would like to add anything further to that?

Mr. SOLOMON. The financial condition of railroad retirement is very dependent on the number of employees in the industry. And projections indicate if employment over the next 15 or 20 years follows the pattern that it has in the last 15 to 20 years, there could be a problem shortly after the beginning of the next century.

There is no immediate problem.

Mr. CONTE. Could you, for the record, give us the status of the fund over the last five years, and how many employees, railroad employees, we have had during those five years?

Mr. **Solomon**. We will provide that.

[The information follows:]

Year	Amount available for benefits, combined RRA and SSEB Accounts on Sept. 30 (millions)	Average railroad employment for calendar year
1981	$1,512	503,000
1982	770	440,000
1983	[1] −33	395,000
1984	3,003	396,000
1985	3,905	373,000

[1] Account was balanced by loan from U.S. Treasury on first of following month when benefits were actually payable.

Mr. **Crawford**. Mr. Conte, I might volunteer the information that in fiscal year 1985, the railroad retirement and social security benefit accounts increased by $1,218,000,000, that is $1,200,000,000 in the balance immediately available for payments, so at the present time, we are increasing the surplus in those accounts.

Mr. **Conte**. Has there been any other legislation enacted since that 1983 Solvency Act?

Mr. **Crawford**. No. Well, Mr. Conte, the bill just signed by the President does provide for increasing the repayment tax to pay off the debt from the unemployment insurance account to the retirement account, and during calendar year 1987, instead of raising $90,000,000 based on the tax provided for in the 1983 Act, the Reconciliation Act will provide that $194,700,000 be raised this year toward repayment of that debt.

Mr. **Conte**. How many beneficiaries do we have today?

Mr. **Solomon**. We have around 950,000 beneficiaries.

AMTRAK AND CONRAIL

Mr. **Conte**. Has the Board done any studies on the effects of the budget's proposed elimination of Amtrak? How much you would lose in contributions, or how much additional would have to be paid out?

Mr. **Gielow**. We have got a figure on that.

Mr. **Conte**. Also, Conrail, have you looked at that Situation too? I don't imagine there would be much of a change due to the Conrail sale.

Mr. **Chamberlain**. The elimination of Amtrak affecting some 25,000 employees would result in a total of a $4,000,000,000 loss between now and the year 2000.

Mr. **Solomon**. That is right. It is projected that the funds would be $4,000,000,000 lower if we lost Amtrak by the end of the year 2000, than if we didn't lose Amtrak.

Mr. **Conte**. That is staggering.

I imagine you are assuming that everybody in Amtrak would go?

Mr. **Chamberlain**. 25,000 less people paying into the fund, that is correct.

Mr. **Conte**. Have you got any other studies on this? I happen to be a very, very strong supporter of Amtrak and hope that nothing will happen to it, but assuming the voices out there prevail, and say well, we will keep Amtrak only in the corridors, have you looked at that study and how many employees would be dropped, if you only kept Amtrak in the corridors, Boston-New York, Washington-New York, Mr. Gielow?

Mr. GIELOW. I don't think we have ever gotten those down, no.

Mr. CHAMBERLAIN. There are several scenarios, Mr. Conte. Conrail, the ultimate disposition of Conrail will have an impact. It is all contingent upon the bottom line of how many people do we have.

Mr. CONTE. People paying into the system?

Mr. CHAMBERLAIN. Right.

DUAL BENEFITS ACCOUNT

Mr. CONTE. According to the chart you gave me last year, we pretty much hit the high water mark for appropriations to the dual benefits account in 1983 or 1984, and those payments should steadily decrease from now. Is that correct?

Mr. CHAMBERLAIN. That is correct.

Mr. CONTE. How many people are currently receiving payments from the dual benefits account, and what is the decrease from last year at this time?

Mr. GIELOW. I think that was 307,000, the figure that I had, and I don't know—do you know what the decrease would be, Mr. Solomon?

Mr. SOLOMON. About 15,000, probably.

SALE OF SECURITIES

Mr. CONTE. As you know, late last year, we ran into some problems with the Treasury Department selling off securities in several trust fund accounts, including the railroad account. Can you tell us what happened there, and how, or if that situation has been rectified to your satisfaction?

Mr. GIELOW. I could say that the Treasury, after the initial funds were withdrawn, was extremely cooperative, and did ultimately restore the funds plus interest for the time that it was taken from our account.

GRAMM-RUDMAN-HOLLINGS LEGISLATION

Mr. CONTE. Of course, another mess we ended up with last year is the Gramm-Rudman-Hollings legislation. I think it is a horrible piece of legislation, and I am one of the 12 that brought suit, now before the Supreme Court. The Chairman has heard me many times on this subject, but for your information, I think it stinks.

Tell me, what specific activities did the Board eliminate because of the sequester, and how were benefit payments affected?

Mr. GIELOW. $18,000,000 reductions in the tier 2 cost of living increases. The dual benefits were decreased by a total of $16,900,000.

Our railroad unemployment and sickness funds were reduced by $7,800,000, but that did not affect or create any effect on the actual benefits that were paid.

We still feel that we have enough money in our fund, even with that reduction, to pay the regular $25 daily benefit.

UNEMPLOYMENT INSURANCE PROGRAM FINANCING

Mr. **Conte**. What about the unemployment insurance program, will it need to borrow from the retirement fund this year?

Mr. **Gielow**. We do not anticipate borrowing. If there are some major strikes, we will have to borrow.

Mr. **Conte**. What exactly did the Solvency Act do to improve the unemployment program, and what steps, if any, have been undertaken to halt the indebtedness of the program?

Mr. **Gielow**. The Solvency Act, as it relates to the unemployment?

Mr. **Conte**. The unemployment program, yes.

Mr. **Chamberlain**. It established the repayment tax.

Mr. **Gielow**. It also set up the Railroad Unemployment Compensation committee, which did make a report. I understand now that Senator Hatch is about to bring that forward.

Mr. **Crawford**. Mr. Conte, our chief actuary reminds me that the 1983 Solvency Act also increased the base for the unemployment tax to $600 a month.

Mr. **Conte**. That is what I thought. How about the Reconciliation Act, did that forgive the payment to the retirement fund?

Mr. **Crawford**. No, that was in the report of the Railroad Unemployment Compensation Committee, but no one in Congress accepted the proposal.

GAO RECOMMENDATIONS

Mr. **Conte**. What further steps have you taken in the last year to respond to the criticisms of the GAO report last February on the unemployment insurance program? Have you taken any steps to respond to those criticisms?

Mr. **Gielow**. The recommendations for tightening up the enforcement of our unemployment compensation enforcement. Mr. DeLaney, head of our Bureau of Unemployment and Sickness Insurance can respond to that.

Mr. **DeLaney**. There were five recommendations that came from a GAO report. We accepted all of the recommendations, and we are in the process of implementing them.

One requires that physicians provide their taxpayer identification number to ensure that medical information furnished to the Railroad Retirement Board is being provided by licensed physicians.

We expect that this recommendation will be implemented during fiscal year 1987. All of the recommendations have action plans and they are at various stages of completion.

Mr. **Conte**. Put those four in the record for us, and describe what you are doing.

[The information follows:]

Recommendaton 1: Require unemployment insurance claimants to provide evidence of their identify at the time of their initial application and subsequent claims for benefits.

Action: We completed corrective action for this recommendation in December 1984. Unemployment claims agents are required by instruction in the Claim Agent's Guide (Form UB-6) and by an agency circular letter (UI-C-166 dated March 1983) to obtain claimant identification. A circular letter devoted solely to this requirement was issued in December 1984. The Claims Agent's Guide, when next revised, will also highlight this instruction.

Recommendation 2: Require doctors to provide some form of additional identification that would not be known to claimants, such as use of the doctor's tax identification number when they provide medical information.

Action: Form completed by physicians in conjunction with claims for sickness insurance benefits will be revised to request the physician's tax identification number. An automated system using the tax number will be developed to test the validity of medical information furnished to the RRB. Development of the automated system and related procedures is scheduled for completion by May 1987.

Recommendation 3: Negotiate with state unemployment agencies to implement a systematic procedure for periodic wage checks for all possible beneficiaries.

Action: A pilot program with the State of Illinois for matching state wage records with records of benefit payments was initiated in October 1982. The results and experience from the pilot program have been used to initiate on-going matching programs with various wage reporting states having significant railroad populations. As of September 30, 1985, matching programs were operational with Indiana, Missouri, Ohio and Texas. Programs with California and Pennsylvania are scheduled to be operational shortly. Action to establish on-going programs with 4 additional states, including programs with Illinois, Minnesota, Virginia and either Kansas or Georgia, is now underway in order to meet plans to have on-going matching programs with up to 10 states by September 30, 1986.

Recommendation 4: Notify rail employers when a claimant has filed for unemployment or sickness insurance benefits.

Action: An automated system was initiated effective July 22, 1985, to notify a claimant's employer when he or she files for unemployment or sickness insurance benefits. The notice solicits information relative to the accuracy of the employee's claim for benefits.

Recommendation 5: Verify changes of address and instances of multiple benefit checks being sent to the same address.

Action: An automated system was initiated effective August 12, 1985, to release a notice to a claimant's previous address whenever a change of address is processed. A change of address notice that is returned as "undeliverable" is accepted as evidence of a bonafide address change. Each case is which a claimant receives the notice and advises that his or her address has been incorrectly changed is reviewed for possible fraudulent activity.

Revisions to a computer system to identify addresses at which more than one claimant resides will become operational by mid-May 1986.

WASTE, FRAUD, AND ABUSE

Mr. CONTE. Also, do you feel that you are still open for any waste, fraud and abuse in the program?

Mr. DELANEY. Are we open for it?

Mr. CONTE. Yes, do you think you have it tight now, so you can prevent waste, fraud and abuse?

Mr. DELANEY. There is always a possibility, but I think we have——

Mr. CONTE. As tight as you can be.

Mr. DELANEY. We have items in place to detect it. We are in the process of implementing automated matching programs with most major carriers, and who will detect it. In the past we did, I would say, a random selection of our wage checks, and after we fully automate the system, we will be able to check 100 percent, and we are in the process of implementing computer matches with the various States.

We have about four States fully implemented now, and we will have 10 by the end of this year. That is a program that we think will be effective.

Mr. GIELOW. Sometimes we run into problems with the individual States who are unwilling to match their computer lists with us, but in general, we have had pretty good cooperation with the States.

Mr. NATCHER. Mr. Gielow, we want to thank you and Mr. Chamberlain and Mr. Crawford for appearing before our committee at this time in behalf of your budget request for the fiscal year 1987.

The committee will now adjourn until 2:00 this afternoon.

[Whereupon, at 12:00 noon, the subcommittee recessed, to reconvene at 2:00 p.m., the same day.]

[The following questions were submitted to be answered for the record:]

AUTOMATION

Mr. Natcher: How much are you requesting for automation activities in 1987?

Mr. Gielow: We are requesting $18,677,000 for information technology systems in 1987. This includes equipment costs, personnel costs, rental and other operating costs, commercial and interagency service costs and $6,788,000 to support our major automation plans, as described beginning on page 73 of our budget justification document.

Mr. Natcher: How does that compare with 1986?

Mr. Gielow: In fiscal year 1986, we expect to spend $16,731,000 for information technology systems, which includes about $6,333,000 to support our automation plans.

Mr. Natcher: How much has been spent to date on your long-term automation plan?

Mr. Gielow: As of December 31, 1985, about $14.1 million has been spent on our long-term automation plan.

Mr. Natcher: What do you estimate the total cost to be?

Mr. Gielow: We estimate the total cost to be about $51.0 million.

Mr. Natcher: Bring us up to date on the status of your automation plan.

Mr. Gielow: Major components of our Administrative Management Information System (AMIS) are either in production or system testing except for a programmatic accounts receivable module and a cost accounting subsystem.

Our Retirement Claims Processing System is in the logical design stage; production is targeted for 1988.

Our data communications network, which links 79 field offices with our new data center in Chicago, is operational. The new data center, which became operational in October 1985, houses a new computer mainframe and a high-density disk storage system.

Mr. Natcher: The justification on pages 74 and 75 indicates that you may have overestimated the staff savings resulting from the automation plan. Can you explain that a little more?

Mr. Gielow: We revised our estimates based on our experience in implementing the Administrative Management Information System (AMIS). We found that it took longer than we anticipated to make the transition from an old system to a new one. Additional time was needed for debugging the new system, for training personnel and for developing and refining procedures. Based on our experience with AMIS, we postponed estimated savings for the Retirement Claims Processing System to allow for a smooth transition. We also adjusted staff savings for AMIS based on a survey of the organizational units where the greatest savings had been anticipated. The survey indicated that the original estimates of staff savings were overstated. The primary purpose in implementing AMIS was not to save personnel resources, but to meet accounting and other Federal requirements.

Mr. Natcher: Are you encountering some problems with delays and a rising case backlog as you are implementing the long-range automation plan?

Mr. Gielow: Yes, we are encountering some problems with delays in processing because we are using experienced claims and data processing personnel for implementing the automation plan, especially the retirement claims processing system (RCPS). During fiscal year 1985, the percentage of retirement and survivor initial applications paid final within 90 days decreased by approximately 10 percent. The detail of personnel to RCPS, along with other factors, contributed to this decrease.

We have initiated a major project to reduce backlogs in cost-of-living and automated earnings recomputation cases before the changeover takes place. Approximately 23 FTE's have been committed this fiscal year to working on the backlogs. On-hand balances for some other Railroad Retirement Act workloads will rise temporarily until the projects are completed.

FUNDS LAPSE

Mr. Natcher: On page 25 you show an estimated 1986 lapse of $2,862,000 in the retirement limitation; the Appendix to the President's budget shows a figure of $2,029,000. Which figure is correct?

Mr. Gielow: Both figures are estimates based upon different assumptions. The $2,029,000 shown as lapsing in the Appendix to the President's budget before sequestration reflects lapsing the statutory reserve of $500,000 for unforecasted workload increases and $1,529,000 not needed in fiscal year 1986 for computer equipment purchased with fiscal year 1985 funds approved by the Congress.

The figure of $2,862,000 shown on page 25 of the Board's justification document is the estimated lapse after the impact of P.L. 99-177, including the $1,529,000 not needed for computer equipment as described above. Under P.L. 99-177, $2,383,000, was sequestered of which $21,000 is from the $500,000 statutory reserve. The remaining $479,000 of the statutory reserve is shown as lapsing, which is standard practice. Therefore, the sequestered amount of $2,383,000 plus the $479,000 remaining in the statutory reserve is shown as lapsing on page 25.

The account is apportioned on the basis shown on page 25 of the justification document. Accordingly, that figure is the current estimate.

Mr. Natcher: Why do you expect this lapse?

Mr. Gielow: The statutory reserve (in this instance, $479,000 after sequestration) is always shown as lapsing in the budget document, because, by definition of the appropriation language, it can only be used for unforecasted workload increases. At the time of the budget transmittal, there were no unforecasted increases expected. The remainder of the lapse ($2,383,000) is required by law, specifically the Balanced Budget and Emergency Deficit Control Act of 1985.

Mr. Natcher: How much did you lapse in 1985, and what accounted for it?

Mr. Gielow: The following table delineates the total agency funds lapse for fiscal year 1985 and describes the component aspects of this amount. Note that attributing reasons to lapsed amounts is somewhat subjective.

Fiscal year 1985

Appropriated (obligation authority not including RR statutory reserve)	$71,600,000
Less obligations	(69,492,000)
Lapsed funds	$ 2,108,000

Reasons for lapse

(1) Certain plans and workloads did not materialize: Claims agent fees were less because the actual UI workload was less than forecasted ($205,000); not all building improvements were made as originally planned ($218,000); and the data communications	$ 690,000

network was used less than forecasted ($267,000).	
(2) Compensation and benefits: Actual salaries paid were 2.06% less than budgeted ($821,000) and benefits paid were actually 1.06% less than budgeted ($78,000). These represent about 1 week's worth of the agency's payroll.	$ 899,000
(3) Savings: Competitive bidding ($337,000); travel controls ($100,000); rent credits ($11,000); and, tightened controls over supplies and shipments ($71,000).	$ 519,000
Total	$ 2,108,000

CIVIL SERVICE PROPOSAL

Mr. Natcher: On page 21 we see proposed bill language concerning Civil Service retirement benefits for the Board's employees. Can you tell us what this language would do?

Mr. Gielow: Proposed language in the appropriation bill for fiscal year 1987 would require the Railroad Retirement Board to pay the full normal costs of civil service retirement benefits for employees of the Board who are covered by the Civil Service Retirement System. The full normal costs of such benefits would be determined by utilizing the percentage rate for such costs as most recently determined by the Board of Actuaries of the Civil Service Retirement System.

It is the Board's understanding that the latest determination made by the Board of Actuaries, produced a rate of 34.9% of payroll. Since employees contribute 7% of payroll, the employer's percentage to fund full normal cost would be 27.9% of payroll. Thus, if the proposed legislation were enacted, the Board's contributions to the retirement system would increase from 7% of payroll to 27.9% of payroll.

Administrative expenses for civil service retirement contributions would increase about $8 million annually and would have to be absorbed if additional funds were not appropriated for fiscal year 1987.

Mr. Natcher: Do the Board Members favor this proposal?

Mr. Gielow: Both Mr. Chamberlain, the Labor Member, and Mr. Crawford, the Management Member, oppose this proposal. Because the agency has strong constituency representation, I believe that it would be counterproductive for me to take a position on the matter.

MEDICARE

Mr. Natcher: In the Committee Report on the 1986 appropriations bill, language was included concerning the Board's selection of a Medicare contractor. I will quote from page 92:

> "The Committee has not approved bill language requested in the President's budget which would have eliminated the right of the Railroad Retirement Board to choose its own claims processing contractor under the Medicare program."
>
> "......The Committee is aware, however, that the unit-cost associated with Railroad Retirement claims is among the highest in the nation. The Committee therefore directs that the Board and the Health Care Financing Administration work together to reduce costs in this program. The Committee will expect to review this matter when it takes up the 1987 budget."

Who is the Board's Medicare contractor?

Mr. Gielow: Section 1842(g) of the Social Security Act gives the Railroad Retirement Board authority to contract separately with a carrier or carriers for the payment of Supplementary Medical Insurance benefits for railroad retirement annuitants. The Railroad Retirement Board is currently contracting with Travelers Insurance Company to process these claims.

Mr. Natcher: How much are you budgeting for this in 1986 and 1987?

Mr. Gielow: We do not directly budget for a Medicare contractor; this is done by the Health Care Financing Administration. We have, however, estimated the carrier indirect and workload related processing costs will be $15,600,000 during fiscal year 1986. It is too early to tell what total costs will be during fiscal year 1987.

Mr. Natcher: What steps have you taken to comply with the report language?

Mr. Gielow: We have capped the workload related unit cost for fiscal year 1986 at $1.89 based on an estimated volume of 7,563,597 claims. This represents a 19 percent reduction in the unit cost. We have also reached agreement with the carrier to aim for a further reduction in fiscal year 1987. A target unit cost of $1.75 has been established. That rate is the estimated fiscal year 1986 average unit cost for all Medicare carriers throughout the country.

The table below summarizes our progress in reducing the workload related unit cost.

Fiscal year	Workload related unit cost	Number of claims
1984	$2.44	6,130,761
1985	$2.33	7,100,000
1986	$1.89	7,500,000
1987	$1.75	8,500,000

U.S. RAILROAD RETIREMENT BOARD
JUSTIFICATION OF BUDGET ESTIMATES
FISCAL YEAR 1987

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U.S. RAILROAD RETIREMENT BOARD

SUMMARY OF APPROPRIATION ESTIMATES FOR FISCAL YEAR 1987

Account	Estimate FTE	Estimate Amount	Page number
Limitation on Administration	1,182[a]	$ 55,614,000	21
Limitation on Railroad Unemployment Insurance Administration Fund [b]	316	$ 13,919,000	39
Limitation on Review Activity	25	$ 1,167,000[c]	55
Dual Benefits Payments Account	---	$351,880,000[d]	61
Federal Payments to the Railroad Retirement Accounts	---	$ 3,100,000	69

[a] Appropriation language in the President's budget requests amounts for personnel compensation and benefits for not less than 1,136 full-time equivalent employees (FTE's). The supporting Personnel Summary schedule shows 1,128 direct compensable work years plus 54 reimbursable work years for the Medicare program or, 1,182 FTE's.

[b] No appropriation is requested in the President's fiscal year 1987 budget for this account. Data shown, for informational purposes only, is the amount expected to be obligated from funds permanently appropriated to the Railroad Unemployment Insurance Administration Fund by section 11(c) of the Railroad Unemployment Insurance Act and expected FTE usage for the fiscal year, as included in the President's budget.

[c] This limitation is for expenses to support the RRB's Office of Inspector General. In fiscal year 1986, funds for this activity were included in the Limitation on Administration and Limitation on Railroad Unemployment Insurance Administration Fund.

[d] The appropriation request of $351,880,000 reflects a continuation of benefits at the level paid in 1986. Further, the President's budget proposes that 25 percent of the RRB's $380,000,000 estimate to fully fund payments in fiscal year 1987 be funded by the rail sector as suggested by the U.S. General Accounting Office by transfer from the Rail Industry Pension Fund. The requested appropriation for benefit payments from general funds is therefore limited to $255,880,000.

AGENCY OVERVIEW

The primary function of the Railroad Retirement Board (RRB) is to administer comprehensive retirement-survivor and unemployment-sickness insurance benefit programs for the nation's railroad workers and their families, under the Railroad Retirement and Railroad Unemployment Insurance Acts. In connection with the retirement program, the RRB has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage.

Because of its experience with railroad benefit plans, the RRB has been given, in recent years, administrative responsibility for certain employee protection measures provided by other Federal railroad legislation.

The RRB is headed by three members appointed by the President of the United States, with the advice and consent of the Senate. One member is appointed upon recommendation of railroad employers, one is appointed upon recommendation of railroad labor organizations and the third, who is the Chairman, is appointed to represent the public interest. The Board Members' terms of office are 5 years and are scheduled to expire in different years.

During fiscal year 1985, the RRB paid over $6 billion in retirement and survivor benefits and over $175 million in unemployment and sickness insurance benefits. At the end of the fiscal year, there were over 950,000 beneficiaries receiving retirement and survivor benefits. During the benefit year that ended in June 1985, over 80,000 railroad workers received unemployment insurance benefits and over 50,000 received sickness insurance benefits.

Programs Administered by the RRB

Railroad Retirement Act

Under the Railroad Retirement Act, the RRB makes monthly benefit payments to employees who retire because of age or disability, to eligible spouses of such employees, and to survivors of deceased employees. Total and permanent disability annuities are payable to employees unable to work at any job, and occupational disability annuities are payable to career railroad employees unable to work at their regular railroad jobs. Supplemental annuities are payable to career railroad employees, with service prior to 1981, who are awarded retirement annuities after June 1966. There are also provisions for lump-sum and residual payments. Residual payments are designed to ensure that an employee and his family receive at least as much in benefits as the employee contributed in railroad retirement taxes before 1975. For all benefits except the residual payment, the employee must have at least 10 years of creditable railroad service.

The RRB also administers dual benefit payments financed by annual appropriations from general funds. Of the approximately 950,000 beneficiaries on the rolls, about 310,000 receive dual benefits. In addition, the RRB has administrative responsibilities under the Social Security Act for certain social security benefit payments and Medicare coverage for railroad workers.

Railroad Unemployment Insurance Act

Under the Railroad Unemployment Insurance Act, the RRB pays unemployment insurance benefits to railroad workers who are unemployed but ready, willing, and able to work and sickness insurance benefits to railroad workers who are unable to work because of illness or injury. The RRB also assists unemployed railroaders in securing employment.

Northeast Rail Service Act of 1981

The RRB adminsters a program, provided by the Northeast Rail Service Act, for protected employees adversely affected by the restructuring of certain railroad operations. Under the Northeast Rail Service Act, a qualified employee can elect a separation allowance or one or more of the following: a daily subsistence allowance, health and welfare coverage, new career training assistance, and relocation expenses.

The Department of Transportation seeks benefit appropriations for this program and then transfers the funds to the RRB for disbursement. The Department of Transportation also provides, by transfer, necessary administrative expenses.

Financing

The primary source of income for the railroad retirement/survivor benefit program is payroll taxes paid by railroad employers and their employees. By law, railroad retirement taxes are coordinated with social security taxes. Employees and employers pay tier I taxes at the same rate as social security taxes. In addition, both employees and employers pay tier II taxes which are used to finance railroad retirement benefit payments over and above social security levels. Historically, railroad retirement taxes have been considerably higher than social security taxes.

Other sources of income currently include the financial interchange with the social security trust funds, borrowing from general revenues related to certain features of the financial interchange, revenue resulting from Federal income taxes on railroad retirement benefits, interest on investments, and appropriations from general funds of the Treasury provided after 1974 as part of a phase-out of certain dual benefits.

In effect, through the financial interchange, the portion of railroad retirement annuities that is equivalent to social security benefits is reinsured through the social security system. The purpose of this financial coordination is to place the social security trust funds in the same position they would be in if railroad service were covered by the social security program instead of the railroad retirement program.

In October 1984, the regular Railroad Retirement Account was divided into two accounts with the establishment of the Social Security Equivalent Benefit (SSEB) Account. The SSEB Account is charged with railroad retirement benefit payments equivalent to social security benefits and credited with taxes and transfers associated with those benefits. The remaining Railroad Retirement Account provides funding for benefits in excess of social security levels.

Vested dual benefit payments are funded by annual appropriations from general funds of the Treasury and paid from a separate account, the Dual Benefits Payments Account. If the appropriations in a fiscal year are for less than the estimated total vested dual benefit payments, individual payments must be reduced by proration.

Funds not needed immediately for benefit payments or administrative expenses are invested in interest-bearing securities. The law restricts investments to obligations of, or obligations guaranteed as to principal and interest by, the U.S. Government.

The supplemental annuity program is financed by a tax paid by railroad employers based on the number of work hours for which they pay compensation. This tax is deposited in a separate trust account titled the Railroad Retirement Supplemental Account from which the supplemental annuities are paid.

The amounts needed for administrative expenses of these programs are authorized by the Congress in annual appropriation acts. The Health Care Financing Administration reimburses the RRB for the administrative costs incurred for certain Medicare activities.

The unemployment and sickness insurance system is financed by payroll taxes on railroad employers, currently 8% on the first $600 of monthly compensation. Of the total contributions paid for this purpose, the portion represented by 0.50 percent of the taxable payroll is permanently appropriated to the RRB to cover the administrative costs of the system, with the remainder credited to the Railroad Unemployment Insurance Account.

The Railroad Retirement Solvency Act of 1983 (Public Law 98-76) imposed a temporary repayment tax on railroad employers, beginning July 1, 1986. The tax will initially be 2.0 percent and will increase by 0.3 percent on each subsequent January 1 until 1990. The tax is payable on the first $7,000 ($3,500 in 1986 and $5,250 in 1990) of annual wages paid each employee. Revenue raised by the tax will be used to repay loans made by the Railroad Retirement Account (RRA) to the Railroad Unemployment Insurance Account (RUIA). As of October 31, 1985, the RUIA owed the RRA almost $790 million.

Description of Appropriation Requests

Limitation on Administration

This request is for authorization to use railroad retirement trust funds in the amount specified for the administrative expenses of the railroad retirement system. The system is financed primarily by taxes paid by railroad workers and railroad employers into these trust funds, with amounts needed for benefit payments and administrative expenses derived from these funds.

Limitation on Railroad Unemployment Insurance Administration Fund

Funds from the Railroad Unemployment Insurance Administration Fund are used for administrative expenses for the railroad unemployment and sickness insurance system.

Limitation on Review Activity

This appropriation request is for funds for the operations of the Office of Inspector General. The Railroad Retirement Solvency Act of 1983, Public Law 98-76, amended the Railroad Retirement Act of 1974 to provide for an Office of Inspector General.

Dual Benefits Payments Account

Under the Railroad Retirement Act of 1937, a worker engaging in covered employment under both the Railroad Retirement Act and the Social Security Act was, under certain conditions, entitled to benefits under both acts. Because of the way benefits were calculated, the total benefits from both systems averaged more than the annuities of railroad employees who worked in the rail industry exclusively, and who had paid proportionately higher retirement taxes for the purpose of receiving higher benefits. At the same time, dual benefits were a cost to the railroad retirement system because they reduced the system's income from its financial interchange with the social security system. (By the mid-1970's, the costs to the railroad retirement system of dual benefits exceeded $450 million a year and would have been a major factor in bankrupting the railroad retirement system if allowed to continue. The cumulative loss to the system by 1974 had been about $4 billion.) The Railroad Retirement Act of 1974 authorized general fund appropriations for the cost of phasing out this entitlement. The 1974 act also provided for a triennial valuation to reevaluate the amount of the general fund appropriation.

In 1981, the Congress amended the legislation to provide a separate account for funding the vested dual benefits, and provided further that these benefits in any year could not exceed the amount appropriated to the separate Dual Benefits Payments Account. This provision, along with the recently enacted Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) could result in beneficiaries receiving reduced vested dual benefit payments in 1986 and later years.

Federal Payments to the Railroad Retirement Accounts

This account serves as a conduit for certain general fund revenues transferred to the regular Railroad Retirement Account, Social Security Equivalent Benefit Account, and Dual Benefits Payments Account. The bulk of the funds transferred are permanent appropriations under the authorizing legislation of tax revenues, the special dual benefit amounts and repayable benefit advances. For 1987, there is an appropriation request for $3,100,000 which will remain available until September 30, 1988, to reimburse the various accounts for checks issued but uncashed. Authorization for this appropriation was provided by Section 417 of the Railroad Retirement Solvency Act of 1983.

THE EFFECTS OF SEQUESTRATION ON FISCAL YEAR 1986 ACCOUNTS UNDER THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985 (PUBLIC LAW 99-177)

The RRB, in implementing the sequestration required for fiscal year 1986 by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), reduced its limitations for administrative expenses within the following Administration guidelines:

- -- reflect the lower operating levels necessary to comply with the President's sequestration order;
- -- be designed to avoid the need for supplemental appropriations late in the fiscal year;
- -- facilitate the transition to the generally lower levels for fiscal year 1987 and beyond that P.L. 99-177 requires; and,
- -- avoid unnecessary disruptions, particularly of the Federal workforce, without resorting to furloughs or reductions-in-force of employees.

Another guideline the RRB followed was to avoid, to the extent practicable, making reductions in funds for supporting its long-range automation plans, particularly funds for a new retirement claims processing system (RCPS).

The RRB was required to reduce its Limitation on Administration (expenses for its retirement program) by 4.3 percent or $2,383,000 and the Limitation on Railroad Unemployment Insurance Administration Fund by $709,000 for a total of $3,092,000.

The following object class table identifies amounts removed from these limitations for sequestration. No furloughs or reductions-in-force are necessary and funds for the new automated system were reduced by $318,000 from $5,300,000 to $4,982,000.

The Effects of Sequestration on Fiscal Year 1986 Limitation Accounts by Object Class

Object Classification	Limit. on Admin. ($000)	Limit. on RUI Admin. Fund ($000)	Total ($000)	Description
11.3 Part-time and temporary salary	-14		-14	Eliminate summer aide program
12.0 Change of station	-10		-10	In line with fiscal year 1985
21.0 Travel of persons	-109		-109	In line with fiscal year 1985
22.0 Transportation of things	-8		-8	In line with fiscal year 1985
23.0 Rent of equipment	-958	-709	-1667	Computer mainframe bought in fiscal year 1985
23.2 Rent of building	-300		-300	Reduction due to GSA's revised estimate of costs.
23.3 Communications	-156		-156	Usage lower than estimated
24.0 Printing	-164		-164	In line with fiscal year 1985
25.0 Medical fees	-100		-100	In line with fiscal year 1985
25.0 Training	-20		-20	In line with fiscal year 1985
25.0 Contracts	-451		-451	Reduce RCPS contract ($318,000) and eliminate extra cleaning contract ($133,000)
26.0 Supplies	-72		-72	In line with fiscal year 1985
Statutory reserve[a]	-21		-21	This is 4.3 percent of the $500,000 statutory reserve.
Totals	-2383	-709	-3092	

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[a] $500,000 was appropriated to be available only to the extent necessary to process workloads not anticipated.

Sequestration also resulted in a reduction of $16,856,000 from the $392,000,000 appropriated for the Dual Benefits Payments Account in fiscal year 1986. About 310,000 railroad retirement annuities include vested dual benefit payments financed by general revenue appropriations. Decreases to these benefit payments are estimated to average $10 a month for retired rail employees, $8 a month for spouses, and $4 a month for widows.

In the Rail Industry Pension Fund, $18,000,000 for benefit payments were sequestered. Suspended were the tier II railroad retirement cost-of-living increases averaging $2 a month for retired employees and $1 a month for spouses and widows. But sequestration did not prevent payment of tier I railroad retirement cost-of-living adjustments which approximate social security's adjustments.

Funds available for railroad unemployment and sickness insurance benefits were reduced $7.8 million. The RRB, however, expects that remaining unemployment insurance funds will be adequate for the payment of unemployment and sickness insurance benefits without reduction during the rest of the fiscal year, if rail industry unemployment does not increase substantially from current fiscal year 1986 forecasts.

CONSOLIDATED SCHEDULE
OF
ADMINISTRATIVE EXPENSES

CONSOLIDATED SCHEDULE OF ADMINISTRATIVE EXPENSES
Program by Activity

Program by Activity	Fiscal Year 1986 estimate		Fiscal Year 1986 P.L. 99-177		Fiscal Year 1987 estimate		Incr. or Decr. 1986 P.L. 99-177 vs. 1987 estimate	
	Posi-tions	Amounts($)	Posi-tions	Amounts($)	Posi-tions	Amounts($)	Posi-tions	Amounts($)
Direct program:								
1. Maintenance of rail earnings accounts	39	1,758,000	39	1,683,000	40	1,682,000	1	(1,000)
2. Process claims (RRA/SSEB)	376	18,673,000	376	17,870,000	381	18,992,000	5	1,122,000
3. Processing UI claims	203	8,073,000	203	7,726,000	206	6,909,000	3	(817,000)
4. Processing SI claims	146	5,766,000	146	5,518,000	147	4,935,000	1	(583,000)
5. Maintenance of beneficiary rolls - ret.	561	28,015,000	561	26,810,000	570	28,496,000	9	1,686,000
6. Claimant placement services - unemployment	8	332,000	8	318,000	8	284,000	0	(34,000)
7. Medicare - retirement	55	2,746,000	55	2,628,000	56	2,793,000	1	165,000
8. Administration	109	5,110,000	109	4,891,000	110	4,942,000	1	51,000
9. Office of Inspector General	21	959,000	21	917,000	25	1,167,000	4	250,000
Total, direct program	1518	71,432,000	1518	68,361,000	1543	70,200,000	25	1,839,000
Reimbursable program: Medicare activities (HCFA)	55	1,650,000	55	1,650,000	55	1,650,000	0	0
Total obligations	1573	73,082,000	1573	70,011,000	1598	71,850,000	25	1,839,000

CONSOLIDATED SCHEDULE OF ADMINISTRATIVE EXPENSES
Obligation Table

Obligation by object class	Fiscal Year 1986 estimate Amounts ($)	Fiscal Year 1986 P.L. 99-177 Amounts ($)	Fiscal Year 1987 estimate Amounts ($)	Incr. or Decr. 1986 P.L. 99-177 vs. 1987 estimate Amounts ($)
Direct obligations:				
Personnel compensation:				
Full-time permanent	38,037,000	38,037,000	36,310,000	(1,727,000)
Positions other than permanent	1,031,000	1,017,000	828,000	(189,000)
Other personnel compensation	1,065,000	1,055,000	1,035,000	(20,000)
Total personnel compensation	40,133,000	40,109,000	38,173,000	(1,936,000)
Personnel benefits: civilian	5,096,000	5,096,000	4,723,000	(373,000)
Benefits for former personnel	73,000	73,000	88,000	15,000
Travel and transportation of persons	850,000	741,000	977,000	236,000
Transportation of things	202,000	194,000	184,000	(10,000)
Communications, utilities and other rent	10,218,000	8,095,000	9,729,000	1,634,000
Printing and reproduction	817,000	653,000	847,000	194,000
Other services	12,732,000	12,161,000	11,648,000	(513,000)
Supplies and materials	1,081,000	1,009,000	1,217,000	208,000
Equipment	230,000	230,000	2,614,000	2,384,000
Total direct obligations	71,432,000	68,361,000	70,200,000	1,839,000
Reimbursable obligations:				
Personnel compensation:				
Full-time permanent	1,000,000	1,000,000	1,000,000	0
Positions other than permanent	200,000	200,000	200,000	0
Other personnel compensation	46,000	46,000	46,000	0
Total personnel compensation	1,246,000	1,246,000	1,246,000	0
Personnel benefits: civilian	85,000	85,000	136,000	51,000
Travel and transportation of persons	61,000	61,000	10,000	(51,000)
Communications, utilities and other rent	209,000	209,000	209,000	0
Printing and reproduction	42,000	42,000	42,000	0
Supplies and materials	7,000	7,000	7,000	0
Total reimbursable obligations	1,650,000	1,650,000	1,650,000	0
Total obligations	73,082,000	70,011,000	71,850,000	1,839,000

CONSOLIDATED SCHEDULE

Personnel Summary
Full-time Equivalent Employment by Limitation Account

Limitation account	Fiscal year 1986 estimate	Fiscal year 1986 P.L. 99-177	Fiscal year 1987 estimate	1986 P.L. 99-177 vs. 1987 estimate
Full-time equivalent employment				
Limitation on Administration	1,199	1,199	1,182	-17
Direct (includes 16 FTE's for IG in fiscal year 1986)	1,145	1,145	1,128	-17
Reimbursable for Medicare	54	54	54	0
Limitation on Railroad Unemployment Insurance Administration Fund	379	379	316	-63
Direct (includes 4 FTE's for IG in fiscal year 1986)	362	362	306	-56
Reimbursable for Title VII	17	17	10	- 7
Limitation on Review Activity (Inspector General)	0	0	25	+25
Total	1,578	1,578	1,523	-55
Full-time equivalent of overtime and holiday hours				
Limitation on Administration	22	22	28	+ 6
Limitation on Railroad Unemployment Insurance Administration Fund	9	9	8	-1
Total	31	31	36	+ 5

CONSOLIDATED SCHEDULE

Personnel Summary
Full-time Permanent Positions by Limitation Account

Limitation account	Fiscal year 1986 estimate	Fiscal year 1986 P.L. 99-177	Fiscal year 1987 estimate	1986 P.L. 99-177 vs. 1987 estimate
Full-time permanent positions				
Limitation on Administration	1,159	1,159	1,159	0
Direct (includes 17 positions for IG in fiscal year 1986)	1,104	1,104	1,104	0
Reimbursable for Medicare	55	55	55	0
Limitation on Railroad Unemployment Insurance Administration Fund (includes 4 positions for IG in fiscal year 1986)	414	414	414	0
Limitation on Review Activity (Inspector General)	0	0	25	+25
Total	1,573	1,573	1,598	+25

Funding for Major Contracts

All contracts over $10,000 that are planned for 1987 are shown below. The largest contract planned for 1987, comprising over one-half of the total amount requested for contracts, is for the continued development of the retirement claims processing system.

Title and description	1987 estimated funding ($) Limitation on Administration	Limitation on RUI Administration Fund	Total
Data processing			
Retirement claims processing system Funds to develop and install an automated retirement claims processing system.	3,254,000	---	3,254,000
Data entry Contracted keypunching services.	462,000	138,000	600,000
Development of an automated sickness insurance claims control system Contractor assistance in identifying medical factors indicating questionable sickness insurance claims and in developing and interpreting specialized medical information request forms.	---	50,000	50,000
Programming/analysis To be used for contracted programming, analysis, and standards development services in conjunction with data processing activities.	38,500	11,500	50,000
Disaster recovery service Fee for backup data processing operations in the event of an emergency or disaster.	34,727	10,373	45,100
Automated filing system Development of a system to facilitate research and retrieval of data contained in the files of the agency's legal bureau.	16,400	3,600	20,000

Funding for Major Contracts (continued)

Title and description	1987 estimated funding ($) Limitation on Administration	Limitation on RUI Administration Fund	Total
Folder control Software maintenance support for the automated folder control system.	13,860	4,140	18,000
Tape cleaning	11,550	3,450	15,000
Bursting Bursting and inserting Forms BA-6 (annual statement of railroad service and compensation).	6,000	4,000	10,000
Tesseract enhancement Enhancement of payroll/personnel Tesseract software.	7,800	2,200	10,000
Support of benefit program activities			
Medical service Medical evidence reviews concerning benefit and claim matters; preparation of advisory medical opinions; incidental assistance to agency employees.	400,000	---	400,000
Audiovisual materials Preparation of artwork, slides, and tapes for informational program, and charts for the agency annual report.	13,500	4,500	18,000
Census records Bureau of the Census records search to verify proof of age for applicants for retirement/survivor benefits.	15,000	---	15,000
Transcription services Transcripts of hearings for use by Board Members.	10,120	880	11,000

Funding for Major Contracts (continued)

	1987 estimated funding ($)		
Title and description	Limitation on Administration	Limitation on RUI Administration Fund	Total
Personnel development, evaluation, and assistance			
Computer-based training Modifying software in conjunction with computer-based training needs.	41,000	9,000	50,000
Employee assistance Professional assistance for employees with personal problems that adversely affect work performance.	24,600	5,400	30,000
Executive assessment Assessment of candidates for executive positions.	24,600	5,400	30,000
Use of training programs Fee for use of audiovisual training materials and computer-based training.	38,500	11,500	50,000
Building services			
Building improvements Lowering of ceilings, improvements to air-handling systems, and replacement of lighting fixtures.	441,000	49,000	490,000
Building security Charges for security beyond the normal 8 hours a day, 5 days a week.	166,500	18,500	185,000
Cleaning services Additional cleaning services beyond standard.	135,000	15,000	150,000
Terminal outlets Installation of electrical outlets to accommodate terminals for automated systems.	81,000	9,000	90,000

Funding for Major Contracts (continued)

Title and description	1987 estimated funding ($)		
	Limitation on Administration	Limitation on RUI Administration Fund	Total
Furniture layout Services to lay out component furniture when automated systems are implemented.	56,250	6,250	62,500
Rewiring Rewiring of work areas for implementation of automated systems.	40,500	4,500	45,000
Subtotal, Limitation on Administration	5,332,407		
Subtotal, Limitation on Railroad Unemployment Insurance Administration Fund		366,193	
Agency total			5,698,600

JUSTIFICATION OF ESTIMATES
LIMITATION ON ADMINISTRATION

Appropriation Language

Limitation on Administration

For expenses necessary for the Railroad Retirement Board, *not more than* [$55,422,000] *$55,614,000* to be derived from the railroad retirement accounts: *Provided,* That such portion of the foregoing amount as may be necessary shall be available for the payment of personnel compensation and benefits for not less than [1,199] *1,136* full-time equivalent employees: *Provided further,* That $500,000 of the foregoing amount shall be available only to the extent necessary to process workloads not anticipated in the budget estimates and after maximum absorption of the costs of such workloads within the remainder of the existing limitation has been achieved: *Provided further,* That notwithstanding any other provision of law, no portion of this limitation shall be available for payments of standard level user charges pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(j); 45 U.S.C. 228a-r): *Provided further, That for purposes of the second sentence of 5 U.S.C. 8334(a)(1), the amounts to be contributed from this account and from the railroad unemployment insurance administration fund to the Civil Service Retirement trust fund shall equal, when added to employee contributions, the full normal costs of civil service retirement benefits, as such costs are determined by the Office of Personnel Management. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1986; additional authorizing legislation to be proposed.)*

Explanation of Appropriation Language

Appropriation language	Explanation
For expenses necessary for the Railroad Retirement Board, not more than $55,614,000 to be derived from the railroad retirement accounts:...	This budget request is for funds to administer the railroad retirement/survivor benefit programs provided under the Railroad Retirement Act. These funds are to be derived from amounts in the railroad retirement trust accounts.
...Provided, That such portion of the foregoing amount as may be necessary shall be available for the payment of personnel compensation and benefits for not less than 1,136 full-time equivalent employees:...	This provides that funding for personnel compensation and benefits should be available for no fewer than 1,136 full-time equivalent employees. The personnel summary information included in the President's budget, however, totals to a full-time equivalent level of 1,182.
...Provided further, That $500,000 of the foregoing amount shall be available only to the extent necessary to process workloads not anticipated in the budget estimates and after maximum absorption of the costs of such workloads within the remainder of the existing limitation has been achieved:...	This limits the use of $500,000 of the appropriation as described.
...Provided further, That notwithstanding any other provision of law, no portion of this limitation shall be available for payments of standard level user charges pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(j); 45 U.S.C. 228 a-r):...	The RRB pays actual costs for building rent rather than the standard level user charges.
...Provided further, That for purposes of the second sentence of 5 U.S.C. 8334(a)(1), the amounts to be contributed from this account and from the railroad unemployment insurance administration fund to the Civil Service Retirement trust fund shall equal, when added to employee contributions, the full normal costs of civil service retirement benefits, as such costs are determined by the Office of Personnel Management.	Under this language, the RRB would pay from its trust funds the full normal costs of civil service retirement benefits for employees administering the rail sector program.

Authorizing Legislation

Legislation	Authorized	Appropriation requested
Railroad Retirement Act:		
Section 15(a) -- first two sentences & 15(c).	Indefinite	$55,614,000

"Railroad Retirement Account"

"SEC. 15.(a) The Railroad Retirement Account established by section 15(a) of the Railroad Retirement Act of 1937 shall continue to be maintained in the Treasury of the United States. There is hereby authorized to be appropriated to such Account for each fiscal year, beginning with the fiscal year ending June 30, 1975, to provide for the payment of benefits to be made from such Account in accordance with the provisions of section 7(c)(1) of this Act, and to provide for expenses necessary for the Board in the administration of all provisions of this Act, an amount equal to amounts covered into the Treasury (minus refunds) during each fiscal year under the Railroad Retirement Tax Act, except those portions of the amounts covered into the Treasury under section 3211(b), 3221(c), and 3221(d) of such Tax Act as are necessary to provide sufficient funds to meet the obligation to pay supplemental annuities at the level provided under section 3(e) of this Act and, with respect to those entitled to supplemental annuities under section 205(a) of title II of this Act, at the level provided under section 205(a).

"(c) The Railroad Retirement Supplemental Account established by section 15(b) of the Railroad Retirement Act of 1937 shall continue to be maintained in the Treasury of the United States. There is hereby authorized to be appropriated to such account for each fiscal year, beginning with the fiscal year ending June 30, 1975, to provide for the payment of supplemental annuities under section 2(b) of this Act, and to provide for the expenses necessary for the Board in the administration of the payment of such supplemental annuities, an amount equal to such portions of the amounts covered into the Treasury (minus refunds) during each fiscal year under section 3211(b), 3221(c), and 3221(d) of the Railroad Retirement Tax Act as are not appropriated to the Railroad Retirement Account pursuant to the provisions of subsection (a) of this section."

LIMITATION ON ADMINISTRATION
Program by Activity

Program by Activity	Fiscal Year 1986 estimate		Fiscal Year 1986 P.L. 99-177		Fiscal Year 1987 estimate		Incr. or Decr. 1986 P.L. 99-177 vs. 1987 estimate	
	Positions	Amounts($)	Positions	Amounts($)	Positions	Amounts($)	Positions	Amounts($)
Direct program:								
Rail Industry Pension Fund								
1. Maintenance of rail earnings accounts	10	515,000	10	498,000	10	487,000	0	(11,000)
2. Processing claims (RRA)	176	8,744,000	176	8,453,000	166	8,271,000	-10	(182,000)
3. Maintenance of beneficiary rolls	263	13,117,000	263	12,681,000	249	12,409,000	-14	(272,000)
4. Medicare	26	1,286,000	26	1,243,000	24	1,216,000	-2	(27,000)
5. Administration	34	1,710,000	34	1,654,000	32	1,617,000	-2	(37,000)
6. Office of Inspector General	8	345,000	8	333,000	0	0	-8	(333,000)
Total, RR	517	25,717,000	517	24,862,000	481	24,000,000	-36	(862,000)
Social Security Equivalent Benefit								
1. Maintenance of rail earnings accounts	12	584,000	12	554,000	13	631,000	1	77,000
2. Processing claims (RRA)	200	9,929,000	200	9,417,000	215	10,721,000	15	1,304,000
3. Maintenance of beneficiary rolls	298	14,898,000	298	14,129,000	321	16,087,000	23	1,958,000
4. Medicare	29	1,460,000	29	1,385,000	32	1,577,000	3	192,000
5. Administration	39	1,943,000	39	1,842,000	42	2,098,000	3	256,000
6. Office of Inspector General	9	391,000	9	371,000	0	0	-9	(371,000)
Total, SSEB	587	29,205,000	587	27,698,000	623	31,114,000	36	3,416,000
Total direct program	1104	54,922,000	1104	52,560,000	1104	55,114,000	0	2,554,000
Reimbursable program (HCFA)	55	1,650,000	55	1,650,000	55	1,650,000	0	0
Total obligations	1159	56,572,000	1159	54,210,000	1159	56,764,000	0	2,554,000

LIMITATION ON ADMINISTRATION

Financing

	Fiscal year 1986 estimate	Fiscal year 1986 P.L. 99-177	Fiscal year 1987 estimate
Financing			
Total obligations	$56,572,000	$54,210,000	$56,764,000
Offsetting collections from: Trust funds	-1,650,000	-1,650,000	-1,650,000
Unobligated balance lapsing	500,000	2,862,000	500,000
Limitation	$55,422,000	$55,422,000	$55,614,000
Relation of obligations to outlays			
Obligations incurred, net	$54,922,000	$52,560,000	$55,114,000
Obligated balance, start of year	10,370,000	10,370,000	5,370,000
Obligated balance, end of year	-6,899,000	-5,370,000	-5,370,000
Outlays from limitations	$58,393,000	$57,560,000	$55,114,000

LIMITATION ON ADMINISTRATION
Obligation Table

Obligation by object class	Fiscal Year 1986 estimate Amounts($)	Fiscal Year 1986 P.L. 99-177 Amounts($)	Fiscal Year 1987 estimate Amounts($)	Incr. or Decr. 1986 P.L. 99-177 vs. 1987 estimate Amounts($)
Direct obligations:				
Personnel compensation:				
Full-time permanent	28,815,000	28,815,000	27,859,000	(956,000)
Positions other than permanent	803,000	789,000	650,000	(139,000)
Other personnel compensation	796,000	786,000	766,000	(20,000)
Total personnel compensation	30,414,000	30,390,000	29,275,000	(1,115,000)
Personnel benefits: civilian	3,833,000	3,833,000	3,610,000	(223,000)
Benefits for former personnel	55,000	55,000	61,000	6,000
Travel and transportation of persons	600,000	491,000	742,000	251,000
Transportation of things	150,000	142,000	165,000	23,000
Communications, utilities and other rent	7,082,000	5,668,000	7,698,000	2,030,000
Printing and reproduction	693,000	529,000	681,000	152,000
Other services	11,081,000	10,510,000	9,950,000	(560,000)
Supplies and materials	830,000	758,000	876,000	118,000
Equipment	184,000	184,000	2,056,000	1,872,000
Total direct obligations	54,922,000	52,560,000	55,114,000	2,554,000
Reimbursable obligations:				
Personnel compensation:				
Full-time permanent	1,000,000	1,000,000	1,000,000	0
Positions other than permanent	200,000	200,000	200,000	0
Other personnel compensation	46,000	46,000	46,000	0
Total personnel compensation	1,246,000	1,246,000	1,246,000	0
Personnel benefits: civilian	85,000	85,000	136,000	51,000
Travel and transportation of persons	61,000	61,000	10,000	(51,000)
Communications, utilities and other rent	209,000	209,000	209,000	0
Printing and reproduction	42,000	42,000	42,000	0
Supplies and materials	7,000	7,000	7,000	0
Total reimbursable obligations	1,650,000	1,650,000	1,650,000	0
Total obligations	56,572,000	54,210,000	56,764,000	2,554,000

LIMITATION ON ADMINISTRATION
Personnel Summary

Personnel summary	Fiscal Year 1986 estimate	Fiscal Year 1986 P.L. 99-177	Fiscal Year 1987 estimate	Incr. or Decr. 1986 P.L. 99-177 vs. 1987 estimate
Direct				
Total number of full-time permanent positions	1104	1104	1104	0
Total compensable workyears:				
Full-time equivalent employment	1145 (16)	1145 (16)	1128	-17
Full-time equivalent of overtime and holiday hours	22	22	28	6
Reimbursable				
Total number of full-time permanent positions	55	55	55	0
Total compensable workyears:				
Full-time equivalent employment	54	54	54	0

( ) Figure in paren[illegible]dicates Inspector General included in estimate.

Explanation for Changes Between the 1987 and 1986 Budgets, Revised to Reflect Sequestration

	Change ($000's)
Increases:	
1. Benefits for former personnel Increase in number of former Federal employees being paid unemployment compensation.	6
2. Travel and transportation of persons Return to a more normal program support capability, especially with respect to itinerant service in the field.	251
3. Transportation of things Filling vacancies in field offices caused by an expected increase in retirements and resignations will result in additional change of station costs.	23
4. Communications, utilities and other rent Greater usage of our data processing network and new computer systems is expected. Also, higher rental charges and costs for buildings and increased postage costs for issuing separate benefit checks are anticipated. Further, communication equipment will be leased to support our long-range information processing plans.	2,030
5. Printing and reproduction This restores amounts for printing and reproduction more closely to the fiscal year 1986 level before sequestration.	152

		Change ($000's)
6.	Supplies and materials Increases in this category are primarily for data processing supplies, such as paper, needed to meet the additional usage of our data processing network and computer systems.	118
7.	Equipment Additional data processing equipment, such as printers, terminals, controllers and multiplexers, will be acquired and other equipment replaced with state-of-the-art devices in order to support automation improvements.	1,872
	Total increases:	4,452
Decreases:		
1.	Personnel compensation and benefits Funding for FTE's transferred to the limitation for the Inspector General is the primary reason for this decrease.	1,338
2.	Other services Decrease primarily due to less funding being requested than in fiscal year 1986 for the retirement claims processing system contract.	560
	Total decreases:	1,898
	Net change (increase):	2,554

Appropriations History Table

Limitation on Administration

Year	Budget estimate to the Congress	House Allowance	Senate Allowance	Appropriation
1977	$33,723,000	$33,723,000	$33,723,000	$33,723,000
1978	$33,282,000	$32,282,000	$32,282,000	$32,282,000 1/
1979	$34,317,000	$34,317,000	$34,317,000	$34,317,000
1980	$39,730,000	$39,730,000	$39,730,000	$39,730,000 1/
1981	$37,223,000	$37,767,000	$37,767,000	$37,767,000 1/
1982	$52,250,000	$48,000,000	$52,000,000	$46,741,000 1/
1983	$44,080,000	$46,361,000	$46,361,000	$46,361,000 1/
1984	$55,969,000	$56,046,000	$56,046,000	$56,046,000
1985	$55,422,000	$55,422,000	$55,962,000	$55,422,000
1986	$55,295,000	$55,422,000	$56,501,000	$55,422,000
1987	$55,614,000	------	------	

1/ No appropriation enacted for fiscal year. Represents amount made available under Continuing Resolution.

Justification by Activity

General

The appropriation request for the Limitation on Administration is for funds to administer the retirement/survivor benefit program provided by the Railroad Retirement Act.

For fiscal year 1986, $55,422,000 was appropriated by the Congress. The President's budget for fiscal year 1987 requests $55,614,000.

The staff year requirements, including regular and temporary staff years, for conducting the various activities related to the railroad retirement/survivor benefit program for fiscal years 1986 and 1987 are summarized below.

	Revised 1986 estimate	1987 estimate
1. Maintenance of earnings accounts	23	23
2. Processing applications	390	389
3. Maintenance of beneficiary rolls	583	583
4. Medicare	57	57
5. Administration	76	76
Total	1,129	1,128

The RRB is headquartered in Chicago. It has field offices located throughout the country to provide in-person service to railroad workers and members of their families in applying for benefits.

In administering this program, RRB staff

- -- adjudicate applications for benefits,
- -- inform railroad workers of their rights and responsibilities under the program,
- -- monitor payments to ensure that they are proper,
- -- maintain earnings records of railroad employees in order to determine whether applicants qualify for benefits,
- -- interpret laws and comment on proposed legislation,
- -- develop policies and procedures for program operations,
- -- continuously review operations to identify areas where improvements can be made, and
- -- maintain data processing, accounting, financial, and personnel operations to support program operations.

Specifics on the activities involved in administering the railroad retirement/survivor benefit program are described below. These activities include amounts transferred from the Rail Industry Pension Fund and the Social Security Equivalent Benefit Account to administer these programs.

Activity 1. Maintenance of rail earnings accounts

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount($)	Positions	Amount($)	Positions	Amount($)	Positions	Amount($)
22	1,099,000	22	1,052,000	23	1,118,000	+ 1	+ 66,000

	Staff Years		
	1986	1987	Change
Average staffing estimates:			
Full-time equivalent total	23	23	...

Service performed for a covered employer or as an employee representative is creditable towards all types of benefits under the Railroad Retirement Act. Covered employers include interstate railroads and their affiliates engaged in railroad-connected operations, as well as employer associations and national railroad labor organizations and their subordinate units. In some cases, military service may be counted as railroad service. The basic requirement for annuities under the Railroad Retirement Act is 120 months (10 years) of creditable railroad service. Benefits then become payable if certain other requirements are met, which depend, in turn, on the type of annuity payable.

In order to determine whether applicants are entitled to annuities, the RRB maintains a record of all covered railroad service and creditable earnings after 1936. The information is recorded under the employee's social security account number used by the employer to report service and compensation to the RRB. The RRB also has some records of service prior to 1937 as reported by employers, since such service is counted under certain conditions.

Some specific tasks involved in the "maintenance of rail earnings" activity are

-- maintaining information and records, such as records of railroad service and compensation, in order to determine whether applicants are qualified for benefits,

-- providing appropriate levels of service to railroad workers and employers, and

-- providing a process to resolve disagreements or protests concerning service and compensation matters.

In 1985, the workload for this activity, which impacted both the railroad retirement and the railroad unemployment and sickness insurance programs, included

-- adjusting 490,000 accounts to credit calendar year 1984 railroad service and compensation,

-- adjusting 55,000 prior-year records,

-- adjusting 18,000 records with erroneous or inconsistent information,

-- releasing 460,000 statements of service and compensation to railroad employees,

-- responding to 14,000 inquiries and protests concerning the above statements, and

-- responding to an additional 5,000 inquiries from employers concerning coverage matters or from employees concerning individual records.

Activity 2. Processing applications

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount($)	Positions	Amount($)	Positions	Amount($)	Positions	Amount($)
376	18,673,000	376	17,870,000	381	18,992,000	+5	+ 1,122,000

	Staff Years 1986	1987	Change
Average staffing estimates: Full-time equivalent total	390	389	-1

This activity covers work involved in processing applications for regular retirement, survivor, and disability benefits and applications for supplemental annuities, as well as initial social security payments.

This activity includes time in field offices

-- providing benefit estimates,

-- assisting the persons in completing their applications,

-- securing necessary proof such as age, relationship, military service, or medical records,

-- explaining rights and obligations to the applicant,

-- explaining various reductions that could be made in the regular annuity if there is subsequent entitlement to a social security benefit or other social insurance benefit, and

-- explaining work and earnings restrictions.

Work at headquarters includes

-- deciding eligibility and entitlement including disability decisions,

-- developing months of creditable service and average creditable compensation, including, in some instances, service performed prior to 1937,

-- determining primary insurance amounts, average monthly compensation and other computational factors,

-- securing earnings and benefit records from the Social Security Administration and considering these in the regular annuity computation,

-- computing annuities, issuing notices of awards, and paying the accrual amounts,

-- establishing the person on the monthly payment rolls, and

-- applying tax withholding, if requested.

Estimates of claims receipts, dispositions, and pending loads for fiscal years 1986 and 1987 are shown below.

	1986 estimate	1987 estimate
Pending, Start of Year	27,000	23,700
New Railroad Retirement Applications		
Employee Age and Disability	19,000	20,000
Spouse	16,000	17,000
Survivor	33,000	31,000
Supplemental Annuities	8,000	11,000
New Social Security Certifications	15,000	15,000
Total	118,000	117,700
Total Dispositions, Excluding Partial Awards	(94,300)	(94,300)
Pending, End of Year	23,700	23,400

Activity 3. Maintenance of beneficiary rolls

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount($)	Positions	Amount($)	Positions	Amount($)	Positions	Amount($)
561	28,015,000	561	26,810,000	570	28,496,000	+ 9	+ 1,686,000

	Staff Years		
	1986	1987	Change
Average staffing estimates:			
Full-time equivalent total	583	583	...

This activity covers the maintenance of the monthly roll of approximately 950,000 persons receiving railroad retirement/survivor benefits and includes work relating to handling regular changes in the rolls, such as adjustments of benefit amounts for excess earnings and recomputations to include earnings after retirement, handling inquiries from persons on the rolls, making quality assurance checks to verify that persons continue to be eligible to receive monthly benefits, making rate changes required by amendments to the Social Security and Railroad Retirement Acts, handling overpayments and underpayments, adjusting benefits for tax withholding, and related operations.

The RRB also makes various mechanical adjustments annually, such as cost-of-living increases.

This activity includes time spent in field offices

-- providing post-retirement counseling concerning benefit amounts, receipt of benefits, direct deposit, and overpayments,

-- explaining denial of benefits, providing information and assistance in appealing adverse decisions, and conducting personal oral hearings,

-- selecting and appointing representative payees for beneficiaries who are incompetent,

-- conducting monitoring activities concerning excess earnings, erroneous payments, potential misuse of funds by representative payees, and

-- assisting beneficiaries in reporting changes of address, non-receipt of checks, etc.

Activity 4. Medicare

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount($)	Positions	Amount($)	Positions	Amount($)	Positions	Amount($)
55	2,746,000	55	2,628,000	56	2,793,000	+ 1	+ 165,000

	Staff Years		
	1986	1987	Change
Average staffing estimates: Full-time equivalent total	57	57	...

Persons covered by the railroad retirement system participate in the Medicare health insurance programs on the same basis as those covered under the social security system.

This activity includes time spent in headquarters

-- selecting a carrier(s) to administer the payment of medical benefits,

-- administering the Medicare program for all deemed and qualified railroad retirement beneficiaries,

-- enrolling beneficiaries for Medicare insurance,

-- collecting supplemental medical insurance premiums on a timely basis,

-- ensuring the prompt and accurate payment of Medicare hospital and medical claims, and

-- providing support for the above tasks including efforts such as data processing; record creation, distribution, retention, and storage; personnel recruitment and training.

This activity includes time in field offices

-- assisting persons in completing applications,

-- securing necessary proofs, such as age or relationship, and

-- assisting beneficiaries with their Medicare inquiries and claims.

Activity 5. Administration

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount($)	Positions	Amount($)	Positions	Amount($)	Positions	Amount($)
73	3,653,000	73	3,496,000	74	3,715,000	+ 1	+ 219,000

	Staff Years		
	1986	1987	Change
Average staffing estimates: Full-time equivalent total	76	76	...

The primary purpose of the RRB is to administer retirement/survivor and unemployment/sickness insurance benefit programs provided under the Railroad Retirement Act and the Railroad Unemployment Insurance Act for railroad workers and members of their families.

This activity includes a variety of efforts needed to administer these benefit programs and to comply with Federal policies and requirements applicable to the RRB.

Administration includes

- -- establishing RRB policies that enable the RRB to accomplish its mission,
- -- providing for compliance with requirements and regulations,
- -- providing for legal opinions and representation in judicial matters,
- -- providing for assistance on legislative, appropriation, or actuarial matters,
- -- managing financial assets,
- -- recruiting, training, and managing personnel,
- -- providing public information services,
- -- providing general administrative support,
- -- providing training to improve job-related knowledge or skills,
- -- maintaining a reference library operation, and
- -- ensuring that correct payments are made to entitled individuals (employees, vendors, etc.).

HCFA reimbursable
Medicare (HCFA, HHS)

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount($)	Positions	Amount($)	Positions	Amount($)	Positions	Amount($)
55	1,650,000	55	1,650,000	55	1,650,000	...	...

	Staff Years		
	1986	1987	Change
Average staffing estimates: Full-time equivalent total	54	54	...

This activity includes certain Medicare program processing activities undertaken for the Health Care Financing Administration, HHS; costs are reimbursed to the RRB by that agency.

Included are

- -- enrollment of non-retired employees, their spouses, and disabled children for supplemental insurance benefits,
- -- collection of premiums (Part B) and recovery of overpayments (both Part A and Part B),
- -- transfers of Medicare jurisdiction from SSA to RRB for beneficiaries who initially enrolled with SSA, and
- -- liaison contacts with the carrier.

JUSTIFICATION OF ESTIMATES
LIMITATION ON RAILROAD UNEMPLOYMENT INSURANCE ADMINISTRATION FUND

Appropriation Language

[Limitation on Railroad Unemployment Insurance
Administration Fund]

[For further expenses necessary for the Railroad Retirement Board, for administration of the Railroad Unemployment Insurance Act, not less than $16,487,000 shall be apportioned for fiscal year 1986 from moneys credited to the railroad unemployment insurance administration fund, and of this amount $1,280,000 shall be derived from contributions credited to the railroad unemployment insurance account and shall be credited to the railroad unemployment insurance administration fund as authorized by section 11(a)(iv) of the Railroad Unemployment Insurance Act: *Provided*, That such portion of the foregoing amount as may be necessary shall be available for the payment of personnel compensation and benefits for not less than 379 full-time equivalent employees.] *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1986.)*

Explanation of Appropriation Language

Appropriation language	Explanation
[For further expenses necessary for the Railroad Retirement Board, for administration of the Railroad Unemployment Insurance Act, not less than $16,487,000 shall be apportioned for fiscal year 1986 from moneys credited to the railroad unemployment insurance administration fund,...	Funds in the Railroad Unemployment Insurance Administration Fund are permanently appropriated to the RRB to administer the unemployment and sickness insurance benefit programs provided by the Railroad Unemployment Insurance Act (RUIA) by Section 11(c) of the RUIA. No appropriation language is required as current law will provide sufficient resources.
...and of this amount $1,280,000 shall be derived from contributions credited to the railroad unemployment insurance account and shall be credited to the railroad unemployment insurance administration fund as authorized by section 11(a)(iv) of the Railroad Unemployment Insurance Act:...	For fiscal year 1986, additional amounts beyond those available in the Railroad Unemployment Insurance Administration Fund were appropriated. Authority for appropriating additional amounts from the Railroad Unemployment Insurance Account to the Railroad Unemployment Insurance Administration Fund is provided in Section 11 (a)(iv) of the RUIA. No such language is requested as current law will provide sufficient resources.
...Provided, That such portion of the foregoing amount as may be necessary shall be available for the payment of personnel compensation and benefits for not less than 379 full-time equivalent employees.]	The Congress has mandated that funding for personnel compensation and benefits should be available at specific full-time equivalent employee levels. The President's budget proposes a modest adjustment in staffing levels based on the continued decline in unemployment insurance workloads.

Authorizing Legislation

Legislation	Authorized	Appropriation requested
Railroad Unemployment Insurance Act:		
Section 11(a)	Indefinite	None

> "Sec. 11(a) The Secretary of the Treasury shall maintain in the unemployment trust fund established pursuant to section 904 of the Social Security Act an account to be known as the railroad unemployment insurance administration fund. This unemployment insurance administration fund shall consist of (i) such part of all contributions collected pursuant to section 8 of this Act as equals 0.5 per centum of the total compensation on which such contributions are based; (ii) all amounts advanced to the fund by the Secretary of the Treasury pursuant to this section; (iii) all amounts appropriated by sub-section (b) of this section; and (iv) such additional amounts as Congress may appropriate for expenses necessary or incidental to administering this Act. Such additional amounts are hereby authorized to be appropriated."

LIMITATION ON RAILROAD UNEMPLOYMENT INSURANCE ADMINISTRATION FUND
Program by Activity

Program by Activity	Fiscal Year 1986 estimate		Fiscal Year 1986 P.L. 99-177		Fiscal Year 1987 estimate		Incr. or Decr. 1986 P.L. 99-177 vs. 1987 estimate	
	Positions	Amounts($)	Positions	Amounts($)	Positions	Amounts($)	Positions	Amounts($)
Direct program:								
1. Maintenance of rail earnings accounts	17	659,000	17	631,000	17	564,000	0	(67,000)
2. Process UI claims	203	8,073,000	203	7,726,000	206	6,909,000	3	(817,000)
3. Process SI claims	146	5,766,000	146	5,518,000	147	4,935,000	1	(583,000)
4. Claimant placement services - unemployment	8	332,000	8	318,000	8	284,000	0	(34,000)
5. Administration	36	1,457,000	36	1,395,000	36	1,227,000	0	(168,000)
6. Office of Inspector General	4	223,000	4	213,000	0	0	-4	(213,000)
Total direct program	414	16,510,000	414	15,801,000	414	13,919,000	0	(1,882,000)

LIMITATION ON RAILROAD UNEMPLOYMENT INSURANCE ADMINISTRATION FUND

Financing

	Fiscal year 1986 estimate	Fiscal year 1986 P.L. 99-177	Fiscal year 1987 estimate
Financing			
Total obligations	$16,510,000	$15,801,000	$13,919,000
Unobligated balance available, start of year	-4,648,000	-4,648,000	-1,181,000
Appropriation from Railroad Unemployment Insurance Fund	-1,280,000	-1,280,000	------
Unobligated balance transferred, net	3,038,000	3,038,000	1,280,000
Unobligated balance available, end of year	472,000	1,181,000	-235,000
Limitation	$14,092,000	$14,092,000	$13,783,000
Relation of obligations to outlays			
Obligations incurred, net	$16,510,000	$15,801,000	$13,919,000
Obligated balance, start of year	2,520,000	2,520,000	2,662,000
Obligated balance, end of year	-3,371,000	-2,662,000	-2,662,000
Outlays from limitation	$15,659,000	$15,659,000	$13,919,000

LIMITATION ON RAILROAD UNEMPLOYMENT INSURANCE ADMINISTRATION FUND
Obligation Table

Obligation by object class	Fiscal Year 1986 estimate Amounts($)	Fiscal Year 1986 P.L. 99-177 Amounts($)	Fiscal Year 1987 estimate Amounts($)	Incr. or Decr. 1986 P.L. 99-177 vs. 1987 estimate Amounts($)
Direct obligations:				
Personnel compensation:				
Full-time permanent	9,222,000	9,222,000	7,539,000	(1,683,000)
Positions other than permanent	228,000	228,000	123,000	(105,000)
Other personnel compensation	269,000	269,000	251,000	(18,000)
Total personnel compensation	9,719,000	9,719,000	7,913,000	(1,806,000)
Personnel benefits: civilian	1,263,000	1,263,000	991,000	(272,000)
Benefits for former personnel	18,000	18,000	27,000	9,000
Travel and transportation of persons	250,000	250,000	219,000	(31,000)
Transportation of things	52,000	52,000	19,000	(33,000)
Communications, utilities and other rent	3,136,000	2,427,000	2,017,000	(410,000)
Printing and reproduction	124,000	124,000	165,000	41,000
Other services	1,651,000	1,651,000	1,679,000	28,000
Supplies and materials	251,000	251,000	331,000	80,000
Equipment	46,000	46,000	558,000	512,000
Total direct obligations	16,510,000	15,801,000	13,919,000	(1,882,000)

LIMITATION ON RAILROAD UNEMPLOYMENT INSURANCE ADMINISTRATION FUND

Personnel Summary

Personnel summary	Fiscal year 1986 estimate	Fiscal year 1986 P.L. 99-177	Fiscal year 1987 estimate	Incr. or Decr. 1986 P.L. 99-177 vs. 1987 estimate
Direct				
Total number of permanent positions	414	414	414	0
Total compensable work years:				
Full-time equivalent employment 1/	362 (4)	362 (4)	306	-56
Full-time equivalent of overtime and holiday hours	9	9	8	- 1

( ) Figure in parentheses indicates Inspector General included in estimate.

1/ Does not include 17 FTE's and 10 FTE's assigned to Title VII activities in fiscal years 1986 and 1987, respectively.

Explanation for Changes Between the 1987 and 1986 Budgets, Revised to Reflect Sequestration

Increases:	Change ($000's)
1. Benefits for former personnel Increase in the number of former Federal employees being paid unemployment compensation.	9
2. Printing and reproduction Microfiche costs and usage are expected to rise.	41
3. Other services Although payments to unemployment claims agents are expected to be lower due to declines in forecasted workloads, increases in this category are attributable to increased funding for maintenance agreements for newly acquired data processing equipment, plans to automate the payment of sickness insurance claims, and the restoration of funds for training to the fiscal year 1986 level before sequestration.	28
4. Supplies and materials Data processing supplies, such as paper, are needed to meet the increased usage of our new information network and automation projects.	80
5. Equipment Additional data processing equipment, such as terminals, will be acquired and other equipment will be replaced in order to support our long-range information processing plans.	512
Total increases:	670

	Change ($000's)
Decreases:	
1. Personnel compensation and benefits Several FTE's are being transferred to the limitation for the Inspector General. The primary cause for this decrease however is due to elimination of funding for about 50 FTE's due to forecasted declines in unemployment and sickness insurance applications and claims.	2,078
2. Travel and transportion of persons Due to the reduction in FTE's for administering this program, travel costs are expected to decrease.	31
3. Transportation of things Due to the reduction in FTE's for administering this program, costs for changes of station are expected to decrease.	33
4. Communications, utilities and other rent As a result of reductions in FTE's and related decreases in forecasted workloads, fewer telephone calls, less space, and other cost reductions are anticipated.	410
Total decreases:	2,552
Net change (decrease):	1,882

Justification by Activity

General

Funds from the Railroad Unemployment Insurance Administration Fund are used to administer the railroad unemployment/sickness insurance benefit program provided under the RUIA.

The total staff year requirements for the various activities are summarized below.

	Revised 1986 estimates	1987 estimates
1. Maintenance of rail earnings accounts	15	13
2. Processing claims - unemployment	178	151
3. Processing claims - sickness	127	109
4. Rail claimant placement services	7	6
5. Administration	31	27
Total	358	306

The RRB is headquartered in Chicago. It has field offices located throughout the country to provide in-person service to railroad workers and members of their families.

In administering this program, RRB staff

-- adjudicate applications and claims for benefits,

-- inform railroad workers of their rights and responsibilities under the program,

-- monitor payments to ensure that they are proper,

-- maintain earnings records of railroad employees in order to determine whether applicants qualify for benefits,

-- interpret laws and comment on proposed legislation,

-- develop policies and procedures for program operations,

-- continuously review operations to identify areas where improvements can be made, and

-- maintain data processing, accounting, financial, and personnel operations to support program operations.

Descriptions of specific activities involved in administering the railroad unemployment/sickness insurance program follow.

Activity 1. Maintenance of rail earnings accounts

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount($)	Positions	Amount ($)	Positions	Amount ($)	Positions	Amount ($)
17	659,000	17	631,000	17	564,000	...	- 67,000

	Staff Years		
	1986	1987	Change
Average staffing estimates:			
Full-time equivalent total	15	13	-2

A "qualified employee" under the RUIA is one who earns creditable compensation of at least $1,500 in the base year (the calendar year preceding the July 1 beginning date of a benefit year), counting no more than $600 in any month. A new employee must have some railroad service in at least 5 months of the first year worked in the railroad industry in order to draw benefits in the following benefit year.

The daily benefit rate for unemployment and sickness insurance benefits is equal to 60 percent of an employee's last straight-time daily rate of pay in the base year subject to a minimum of $12.70 and a maximum of $25.00.

In order to determine whether applicants for benefits are qualified and in order to determine daily benefit rates, the RRB maintains records of railroad service and compensation for each individual who works in railroad employment covered under the RUIA. Records of service and compensation must be processed promptly because service and compensation in a calendar year is used to determine eligibility for benefits the following July 1.

Some specific tasks involved in the "maintenance of rail earnings" activity are

-- maintaining information and records, such as records of railroad service and compensation, in order to determine whether applicants are qualified for benefits,

-- providing appropriate levels of service to railroad workers and employers,

-- providing a process to resolve disagreements or protests concerning service and compensation matters, and

-- providing support for the above tasks including efforts such as data processing, and record creation, distribution, retention, and storage.

In 1985, the workload for this activity, which impacted both the railroad unemployment and sickness insurance and the railroad retirement programs, included

- -- adjusting 490,000 accounts to credit calendar year 1984 railroad service and compensation,
- -- adjusting 55,000 prior-year records,
- -- adjusting 18,000 records with erroneous or inconsistent information,
- -- releasing 460,000 statements of service and compensation to railroad employees,
- -- responding to 14,000 inquiries and protests concerning the above statements, and
- -- responding to an additional 5,000 inquiries from employers concerning coverage matters or from employees concerning individual records.

Activity 2. Processing claims - unemployment

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount($)	Positions	Amount($)	Positions	Amount($)	Positions	Amount($)
203	8,073,000	203	7,726,000	206	6,909,000	+ 3	- 817,000

	Staff Years		
	1986	1987	Change
Average staffing estimates:			
Full-time equivalent total	178	151	- 27

Railroad employees generally apply for and claim unemployment benefits through railroad employers. Unemployed railroad workers usually register for benefits in person each week during the period that they are unemployed.

Completed applications and claims for benefits are sent to RRB field offices for adjudication. Field office staff review the applications and claims for benefits for accuracy and completeness and obtain any needed information. They periodically contact claimants to ensure that they are available for work and are entitled to benefits. Field office staff also perform other activities to ensure that such payments are proper, such as reviews of state records to verify that claimants are not working in nonrailroad employment. After field offices have completed claims adjudication, they forward the claims to headquarters for processing and payment. Headquarters also notifies the former railroad employer that the individual has filed for unemployment benefits.

The following table shows the number of unemployment insurance claims filed for the last 2 fiscal years and estimates for fiscal years 1986 and 1987.

Fiscal year	Claims filed
1987	611,000 (Estimated)
1986	686,000 (Estimated)
1985	717,600
1984	918,100

This activity includes

- -- adjudicating and processing applications and claims for benefits,
- -- providing service to benefit claimants via field offices, itinerant service, and informational programs, and
- -- ensuring that benefit payments are computed correctly and that payments are made only to qualified individuals.

In conjunction with this activity, RRB field offices

- -- review claims and applications for benefits, reconcile discrepancies, determine whether benefits are payable and code the applications and claims for headquarters processing,
- -- interview claimants to determine eligibility and advise claimants of their rights and responsibilities,
- -- train unemployment claims agents in claims-taking procedures,
- -- conduct record checks with railroads and State programs to verify that benefit payments are proper, and
- -- provide information on benefit eligibility, duration, and amounts to claimants.

Activity 3. Processing claims - sickness

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount ($)	Positions	Amount ($)	Positions	Amount ($)	Positions	Amount ($)
146	5,766,000	146	5,518,000	147	4,935,000	+ 1	- 583,000

	Staff Years		
	1986	1987	Change
Average staffing estimates: Full-time equivalent total	127	109	- 18

Applications and claims for sickness insurance benefits are mailed directly to RRB headquarters. An application is required at the beginning of each period of continuing sickness for which benefits are claimed. Attached to each application is a statement of sickness which must be completed by the employee's doctor.

After the RRB receives the employee's application and statement of sickness and determines eligibility, a claim form covering the first 14 days of sickness is mailed to the claimant and the RRB notifies the railroad employer that an application was received. On the claim form, the employee specifically indicates which days of sickness are claimed and furnishes information on wages or other benefits that may be payable for these days. Additional claim forms are sent to cover later periods if the illness lasts more than 14 days. Also, the claimant may be asked to have his or her doctor furnish more information about the nature of the illness and its expected duration. The following table shows the number of sickness claims filed for the last 2 fiscal years and estimates for fiscal years 1986 and 1987.

Fiscal year	Claims filed
1987	306,000 (Estimated)
1986	328,000 (Estimated)
1985	345,000
1984	358,800

This activity includes

- -- processing applications and claims for benefits,
- -- providing service to claimants, and
- -- ensuring that benefit payments are computed correctly and that payments are made only to qualified individuals.

Activity 4. Rail claimant placement service

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount ($)	Positions	Amount ($)	Positions	Amount ($)	Positions	Amount ($)
8	332,000	8	318,000	8	284,000	...	- 34,000

	Staff Years		
	1986	1987	Change
Average staffing estimates:			
Full-time equivalent total	7	6	- 1

Every applicant for unemployment benefits is required to file an application for employment service. The application is kept in the field office which serves the area in which the claimant registers. As many claimants as possible are called in for a personal interview with an RRB representative. During the interview, the claimants' responsibilities are explained and additional information is obtained about their background, what work they have been doing, and what work they are able to do. First consideration is given to placing claimants in a job in the railroad industry. If this is not possible, an effort is made to place them wherever a suitable job exists.

In addition to those temporarily laid off because of seasonal fluctuations and other short-range reductions in force, a considerable number of railroad workers have been permanently displaced because of elimination or consolidation of facilities. Railroad labor and management have negotiated stabilization agreements which provide that career railroad workers will not lose their jobs and that reductions in employment will usually occur in an orderly manner through attrition. Cooperation of railroad management, railroad labor, and the RRB has helped to locate suitable railroad work for those employees who do lose their railroad jobs. RRB offices and railroad unemployment claims agents (generally, employees of railroads who, as part of their job duties, assist unemployed workers in claiming benefits) also assist those who cannot be placed in other jobs in the railroad industry to find suitable work in other industries.

The RRB also maintains a central register of separated employees with at least 1 year of service who are currently available for railroad employment.

Placement activities include efforts to

- -- prescribe procedures for interviewing and placing railroad employees,
- -- train unemployment claims agents in making placements and reporting placement activity,
- -- provide job service counseling to railroad employees,
- -- provide employment service to railroad carriers,
- -- maintain and distribute a central register of railroad employees available for re-employment,
- -- assist constituents in areas of job placements and retraining,
- -- notify railroad employees directly of appropriate job opportunities,
- -- maintain and distribute a national list of job vacancies, and
- -- maintain required information and records necessary to evaluate the effectiveness of services provided.

Activity 5. Administration

1986 Estimate		Revised 1986 Estimate		1987 Estimate		Change	
Positions	Amount($)	Positions	Amount ($)	Positions	Amount ($)	Positions	Amount ($)
36	1,457,000	36	1,395,000	36	1,227,000	...	- 168,000

	Staff Years		
	1986	1987	Change
Average staffing estimates: Full-time equivalent total	31	27	-4

The primary purpose of the RRB is to administer the retirement/survivor and unemployment/sickness insurance benefit programs provided under the Railroad Retirement Act and the Railroad Unemployment Insurance Act for railroad workers and members of their families.

This activity includes a variety of efforts needed to administer these benefit programs and to comply with Federal policies and requirements applicable to the RRB.

Administration includes

-- establishing RRB policies that enable the RRB to accomplish its mission,

-- providing for compliance with requirements and regulations,

-- providing for legal opinions and representation in judicial matters,

-- providing for assistance on legislative, appropriation, or actuarial matters,

-- managing financial assets,

-- recruiting, training, and managing personnel,

-- providing public information services,

-- providing general administrative support,

-- providing training to improve job-related knowledge or skills,

-- maintaining a reference library operation, and

-- ensuring that correct payments are made to entitled individuals (employees, vendors, and claims agents).

JUSTIFICATION OF ESTIMATES
LIMITATION ON REVIEW ACTIVITY

Appropriation Language

Limitation on Review Activity

For expenses necessary for the Railroad Retirement Board for audit, investigatory, and review activities, as authorized by section 418 of Public Law 98-76 not more than $1,167,000, to be derived from the railroad retirement accounts and rail unemployment insurance administration fund: Provided, That for purposes of the second sentence of 5 U.S.C. 8334(a)(1), the amounts to be contributed from this account to the Civil Service Retirement trust fund shall equal, when added to employee contributions, the full normal costs of civil service retirement benefits, as such costs are determined by the Office of Personnel Management.

Explanation of Appropriation Language

Appropriation language	Explanation
For expenses necessary for the Railroad Retirement Board for audit, investigatory, and review activities,...	This budget request is for funds for audits, investigations, and review activities by the Office of Inspector General. In the past, funds for these activities were included in appropriations to the Limitation on Administration and Limitation on Railroad Unemployment Insurance Administration Fund accounts.
...as authorized by section 418 of Public Law 98-76...	Section 418 of the Railroad Retirement Solvency Act of 1983, Public Law 98-76, authorized an Office of Inspector General for the RRB.
...not more than $1,167,000, to be derived from the railroad retirement accounts and rail unemployment insurance administration fund:...	These funds for the Office of Inspector General are to be transferred from amounts in the trust funds of the retirement/survivor benefit program and from the administration fund for the unemployment/sickness insurance benefit program.
...Provided, That for purposes of the second sentence of 5 U.S.C. 8334(a)(1), the amounts to be contributed from this account to the Civil Service Retirement trust fund shall equal, when added to employee contributions, the full normal costs of civil service retirement benefits, as such costs are determined by the Office of Personnel Management.	Under this language, the RRB would pay from its trust funds the full normal costs of civil service retirement benefits for employees administering the rail sector program.

Authorizing Legislation

Legislation	1987 Authorized	1987 Appropriation requested
Inspector General Act of 1978	Indefinite	$1,167,000
Railroad Retirement Act of 1974, as amended: Section 23		

> "Sec. 23. For the purposes of the Inspector General Act of 1978 (5 U.S.C. App.) the Railroad Retirement Board is an 'establishment' and the Chairman of the Railroad Retirement Board is the 'head of the establishment' with respect to such Board. For the purpose of section 2 of such Act, the Railroad Retirement Board is one of 'such establishments'."

LIMITATION ON REVIEW ACTIVITY

Program by Activity, Obligation Table, and Personnel Summary

Program by Activity	Estimate 1987 Positions	Amount
Office of Inspector General	25	$1,167,000
Obligation by Object Class		
Personnel compensation:		
Full-time permanent		912,000
Other than full-time permanent		55,000
Other personnel compensation		18,000
Total personnel compensation		985,000
Personnel benefits: Civilian		122,000
Travel and transportation of persons		16,000
Communications, utilities and other rent		14,000
Printing and reproduction		1,000
Other services		19,000
Supplies and materials		10,000
Total obligations		$1,167,000
Personnel Summary		
Total number of permanent positions	25	
Total compensable workyears:		
Full-time equivalent employment	25	

Note: In the past, funds for audit, investigatory, and review activities were included in appropriations to the Limitation on Administration and Limitation on Railroad Unemployment Insurance Administration Fund accounts. For instance, in fiscal year 1986, this activity was funded $959,000; $736,000 from the Limitation on Administration and $223,000 from the Limitation on Railroad Unemployment Insurance Administration Fund.

LIMITATION ON REVIEW ACTIVITY

Financing

	Fiscal year 1986 estimate	Fiscal year 1987 estimate
Financing		
Limitation	------	$1,167,000
Relation of obligations to outlays		
Obligations incurred, net	------	1,167,000
Obligated balance, start of year	------	-------
Obligated balance, end of year	------	-------
Outlays from limitation	------	1,167,000

Explanation of 1987 Request

The total amount requested for fiscal year 1987 for activities of the Office of Inspector General is $1,167,000. This amount is to be provided from the railroad retirement and railroad unemployment insurance trust funds.

The Inspector General conducts and supervises audits and investigations of programs and operations of the RRB. The office provides leadership and coordination of activities designed to promote economy, efficiency, and effectiveness in RRB operations, and seeks to prevent and detect fraud and abuse.

JUSTIFICATION OF ESTIMATES
DUAL BENEFITS PAYMENTS ACCOUNT

Appropriation Language

[Dual Benefits Payments Account] *Federal Windfall Subsidy*

For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, [$392,000,000] *$351,880,000, to maintain benefits, subject to the availability of funds, at the level paid in September, 1986; except that no funds shall be available to pay annuities in excess of the amount any individual received, or would have received, if eligible, in September, 1986; this sum shall include the amounts of any funds credited to the account during the fiscal year pursuant to section 417 of Public Law 98-76, and available for payment of benefits in such fiscal year, and shall include 25 per centum of the amount above which shall be transferred from the rail pension fund, all of* which shall be credited to the account in 12 approximately equal amounts on the first day of each month in the fiscal year. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1986.)*

Explanation of Appropriation Language

Appropriation language	Explanation
For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974....	In 1981, the Congress amended section 15(d) of the Railroad Retirement Act of 1974 to establish a Dual Benefits Payments Account in the Treasury. Funds in this account are used to pay for the "dual benefits" provided to individuals who, under prior law, would have been entitled to separate railroad retirement and social security benefits.
...$351,880,000, to maintain benefits, subject to the availability of funds, at the level paid in September, 1986; except that no funds shall be available to pay annuities in excess of the amount any individual received, or would have received, if eligible, in September, 1986;...	The appropriation of $351,880,000 would fund dual benefits at the level of payments to be made in September 1986, which is the level after application of the sequestration order under Public Law 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985.
...this sum shall include the amounts of any funds credited to the account during the fiscal year pursuant to section 417 of Public Law 98-76, and available for payment of benefits in such fiscal year,...	Section 417 of Public Law 98-76 provides authority for the account to be credited for the amount of uncashed benefit checks. These funds, which are estimated to be $100,000 in fiscal year 1987, are not available for obligation in fiscal year 1987 because such amounts were already obligated.

Explanation of Appropriation Language

Appropriation language	Explanation
...and shall include 25 per centum of the amount above which shall be transferred from the rail pension fund,...	Under current law, the cost of paying dual benefits is borne by the general revenues of the United States Treasury. The appropriation request for fiscal year 1987 would limit Federal funding to 75 percent of this cost and would have the rail sector fund the remaining 25 percent. Under current law, rail pensions are reduced by 25 percent of any dual benefits due. The U.S. General Accounting Office has suggested the appropriateness of funding only net dual benefit costs -- total costs less the 25 percent.
...all of which shall be credited to the account in 12 approximately equal amounts on the first day of each month in the fiscal year.	The monies appropriated to the Dual Benefits Payments Account are to be made available to the account on a monthly basis in 12 approximately equal amounts.

Authorizing Legislation

Legislation	1987 Authorized	1987 Appropriation requested
Railroad Retirement Act of 1974: Sections 7(c) and 15(d) and 15(i)(2) Dual Benefits Payments	Indefinite	$351,880,000

Section 15(d):

> "There is hereby created an account in the Treasury of the United States to be known as the Dual Benefits Payments Account. There is hereby authorized to be appropriated to such account for each fiscal year beginning with the fiscal year ending September 30, 1982, such sums as are necessary to pay during such fiscal year the amounts of annuities estimated by the Board to be paid under sections 3(h), 4(e), and 4(h) of this Act and under sections 204(a)(3), 204(a)(4), 206(3), and 207(3) of Public Law 93-445.
>
> "In any fiscal year, the total amounts paid under such sections shall not exceed the total sums appropriated to the Dual Benefits Payments Account for that fiscal year."

Section 15(i)(2):

> "The Secretary of the Treasury shall, on a monthly basis, credit each account established in the Treasury for the payment of benefits under this Act for the the proportionate amount of benefit checks (including interest thereon) drawn on each such account more than six months previously but not presented for payment and not previously credited to such Account, to the extent provided in advance in appropriation Acts."

Appropriations History Table

Dual Benefits Payments Account

Year	Budget Estimate to the Congress	House Allowance	Senate Allowance	Appropriation
1976	$250,000,000	$250,000,000	$250,000,000	$250,000,000
1976 Transition Period	-0-	-0-	-0-	-0-
1977	$250,000,000	$250,000,000	$250,000,000	$250,000,000
1978	$250,000,000	$250,000,000	$250,000,000	$250,000,000
1979	$313,000,000	$313,000,000	$313,000,000	$313,000,000
1980	$313,000,000	$313,000,000	$313,000,000	$313,000,000
1981	$350,000,000	$350,000,000	$350,000,000	$350,000,000
1982	$350,000,000	$350,000,000	$395,000,000	$390,000,000
1983	$350,000,000	$430,000,000	$430,000,000	$430,000,000
1984	$350,000,000	$420,000,000	$420,000,000	$420,000,000
1985	$405,000,000	$405,000,000	$405,000,000	$405,000,000
1986	$392,000,000	$392,000,000	$392,000,000	$392,000,000
1987	$351,880,000			

Program by Activity	Enacted 1986	Revised 1986 P.L. 99-177	Estimate 1987	Increase or decrease
Dual Benefits Payments Account	$392,000,000	$375,144,000a/	$351,880,000	-$23,264,000
Financing				
New obligational authority (appropriation)	$392,000,000	$375,144,000a/	$351,880,000	-$23,264,000

a/ The difference from the enacted 1986 amount is $16,856,000 in benefit payment authority sequestered under P.L. 99-177. In addition, not shown here, $9,000 of uncashed check reimbursement funding, transferred from the Federal Payments to the Railroad Retirement Accounts, was sequestered for a total of $16,865,000 sequestered under P.L. 99-177.

Explanation of 1987 Request

This is the 12th request for appropriations authorized by the Railroad Retirement Act of 1974 to fund the phase-out costs of the vested dual benefits received by persons who, under prior law, would become covered by both the railroad retirement system and the social security system because railroad retirement was not fully coordinated with social security from 1937 to 1974.

In 1974, a joint management-labor committee initially proposed that the cost of vested dual benefits be paid out of the social security trust funds, as this element was basically a social security benefit. The Congress, however, concluded that the cost should be borne by the general funds of the Treasury.

While the 1974 act coordinated railroad retirement and social security benefits to eliminate duplications considered a windfall, dual benefits which were considered vested at the end of 1974 were given back in the form of a benefit calculated under complicated rules contained in the 1974 act.

The 1974 act authorized annual appropriations on a level cost basis originally estimated at $250 million annually from 1976 through the year 2000. Another provision of the 1974 act required that the RRB would re-estimate the cost of dual benefits at the same time the regula. triennial actuarial valuations of the railroad retirement system were made.

The 1974 cost estimates did not anticipate the resurgence of double digit inflation, and the level annual appropriation doubled from the initial $250 million estimate in 1974 to $500 million in 1979. Also, adverse court decisions increased -- by an estimated $5 billion -- the cost of phasing out vested dual benefits. There was no provision in the 1974 act to reduce payments if the appropriation received in any year was less than full funding, and the Railroad Retirement Account was required to fund the difference.

The Omnibus Budget Reconciliation Act of 1981 amended the Railroad Retirement Act of 1974 to resolve this situation by restricting eligibility for dual benefit payments and clarifying the source and extent of general fund appropriations for these payments.

A separate account was established for the payment of vested dual benefits. The general fund appropriations are made to that account, and the Railroad Retirement Account is no longer responsible for financing these benefits.

In fiscal year 1982 and after, if the general fund appropriation is less than required in any year to pay full benefits, the RRB must reduce (on a pro rata basis) all individual payments so that the total appropriation is not exceeded.

A provision of the Railroad Retirement Solvency Act of 1983 (P.L. 98-76) provided a three-part loan from the general funds of the Treasury to the Railroad Retirement Account to make up the previous appropriation shortfalls, including interest, which occurred over the years 1976 through 1981. The total amount was received in three parts in fiscal years 1984, 1985 and 1986, through the Federal Payments to the Railroad Retirement Accounts appropriation.

The Railroad Retirement Solvency Act of 1983 also provided for crediting accounts proportionately for the amounts of benefit checks that are uncashed 6 months after issuance. An amount for uncashed checks for dual benefit payments, $100,000, is included in the Federal Payments to the Railroad Retirement Accounts appropriation request.

The appropriation request for fiscal year 1987 would impose 25 percent of the cost of paying dual benefits on the Railroad Retirement Account.

The U.S. General Accounting Office found that rail pensions are reduced by 25 percent of any dual benefits due. The U.S. General Accounting Office suggested the appropriateness of funding only net dual benefit costs -- total costs less the 25 percent savings to the rail sector.

JUSTIFICATION OF ESTIMATES
FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS

Appropriation Language

Federal Payments to the Railroad Retirement Accounts

For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for unnegotiated checks, [$2,200,000] *$3,100,000* which shall be the maximum amount available for payments pursuant to section 417 of Public Law 98-76: *Provided,* That these funds shall remain available through September 30, [1987] *1988*. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1986.)*

Explanation of Appropriation Language

Appropriation language	Explanation
For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for unnegotiated checks, $3,100,000 which shall be the maximum amount available for payments pursuant to section 417 of Public Law 98-76:...	Section 417 of Public Law 98-76 (Railroad Retirement Solvency Act of 1983) amended the Railroad Retirement Act of 1974 to provide for monthly transfers from the Treasury of amounts represented by benefit checks drawn 6 months earlier and not presented for payment.
	The 1987 budget request is based on an estimate of the amounts due for such uncashed checks. Amounts for reimbursement of uncashed checks must be provided in advance in appropriation acts.
...Provided, That these funds shall remain available through September 30, 1988.	These funds are made available through September 30, 1988, by the requested appropriations language.

Authorizing Legislation

	1987 Authorized	1987 Appropriation requested
Railroad Retirement Solvency Act of 1983 Section 417	Indefinite	$ 3,100,000

Railroad Retirement
Act of 1974, as amended:
Section 15(i)(2)

> "The Secretary of the Treasury shall, on a monthly basis, credit each account established in the Treasury for the payment of benefits under this Act for the proportionate amount of benefit checks (including interest thereon) drawn on each such Account more than six months previously but not presented for payment and not previously credited to such Account, to the extent provided in advance in Appropriation Acts."

Appropriations History Table

Fiscal Year	Budget Estimate to the Congress	House Allowance	Senate Allowance	Appropriation
1985	$15,000,000	$15,000,000	$15,000,000	$15,000,000
1986	$ 2,200,000	$ 2,200,000	$ 2,200,000	$ 2,200,000
1987	$ 3,100,000			

	Enacted 1986	Revised 1986 P.L. 99-177	1987 Estimate	Increase or Decrease
Program by Activity				
Unnegotiated check reimbursement	$2,200,000	$ 2,200,000 a/	$ 3,100,000	+$ 900,000
Financing				
Budget authority (appropriation)	$2,200,000	$ 2,200,000 a/	$ 3,100,000	+$ 900,000

a/ After transfer of the Dual Benefits Payments Account's share ($201,280) of the total amount of uncashed checks to that account, $9,000 of the $201,280 was sequestered in that account under P.L. 99-177.

Explanation of 1987 Request

Prior to enactment of Section 417 of the Railroad Retirement Solvency Act of 1983, uncashed benefit checks were shown as a benefit payment but not a recoverable in the Railroad Retirement Accounts. Section 417 provided a two-part process for recovering unnegotiated benefit check amounts. The first part, represented by the 1985 appropriation request, was a catch-up mechanism to credit the accounts with the amounts of all uncashed checks issued prior to May 1985, that Treasury and the RRB could jointly identify from accounting records. This amount was agreed upon at $15 million and was appropriated in 1985, to remain available through September 30, 1986.

The second part of the process went into effect for checks issued on and after May 1, 1985. From that date forward, on a monthly basis, the Treasury will transfer to the account amounts represented by checks drawn 6 months earlier and not presented for payment. These amounts must be provided in advance in appropriation acts. The 1987 request represents the amount estimated to be transferred during fiscal year 1987. The funds are made available through September 30, 1988, by the requested appropriation language.

SIGNIFICANT ITEMS IN HOUSE AND SENATE APPROPRIATIONS COMMITTEE REPORTS

The House of Representatives Report 98-911 concerning fiscal year 1985 appropriations included the following requirement:

> "Based on the positive benefit-cost information the Board provided in the hearings, the Committee has no objection to the Board's computer and data communications plans. The Committee should be kept informed periodically of progress in this area and each year, along with its budget justifications, the Board should provide the Committee with a comparison of the planned costs and benefits (as shown in this year's hearings) versus the actual costs and benefits."

House of Representatives Report 99-289 concerning fiscal year 1986 appropriations directed that the RRB should continue to report this information to the Committee.

The requested annual comparison between planned versus actual costs and benefits is presented on the following pages.

History and Status of Automation Plans

RRB is continuing with implementation of a long-range automation plan, developed with the assistance of the MITRE Corporation in 1983, to modernize data processing support for major programmatic functions. The plan calls for replacement of RRB's obsolete batch-oriented data processing systems with an integrated information system that takes advantage of new software engineering technology, more powerful processing hardware, and advanced communications capabilities. These improvements will ensure the security and reliability of processing operations in future years, as well as enable the RRB to provide service to the public at lower operating costs.

In the first phase of this upgrade, the RRB is working with Booz, Allen and Hamilton, Inc., to develop an on-line, transaction-oriented retirement claims processing system (RCPS), which will encompass retirement, survivor, and Medicare claims operations. Detailed system design is currently underway, and the system is scheduled to be completed in January 1988.

The second phase of the plan concerns development of an administrative management information system (AMIS). This system will integrate and automate various administration and financial management functions. Development of this system began in fiscal year 1983, and it will continue through fiscal year 1988. Major components of the system are being operationally tested. AMIS will also be implemented as an on-line, transaction-oriented system, with interfaces to RCPS. Other Federal agencies, such as the U.S. General Accounting Office, have purchased or are considering purchasing the AMIS software package developed by the RRB.

To take advantage of the distributive capabilities inherent in the design of these systems, the RRB began installation in fiscal year 1984 of a data communications system to connect its field service with the data center at its Chicago headquarters. Terminals have been installed in 75 district offices. Initially, the data communications system will provide inquiry capability into RRB's current claims processing system. When the RCPS system is brought on-line, it will be made available to the field service. The AMIS system is available to headquarters organizations and the field service with some offices inputting payroll data for testing purposes. By the end of April, all district offices should be inputting payroll data, via the data communications network, directly into the AMIS system.

In October 1985, the RRB completed implementation of a major hardware upgrade to support the large data base operation currently being developed. The acquisition included a new computer mainframe and high-density disk storage system.

Costs and Benefits of Automation Plans

In February 1984, the RRB provided a baseline estimate of the costs and benefits of implementing AMIS and RCPS, which was derived from estimates prepared by the MITRE Corporation in March 1983. These original baseline estimates indicated a favorable cost-benefit relationship, with an estimated cost of $23.2 million and tangible/quantifiable benefits of $53.3 million.

In December 1984, the RRB prepared an updated and more complete estimate of the expected costs and benefits of the automation plans. This estimate expanded on the earlier estimate by including expected costs and benefits throughout the system life cycle (through fiscal year 1996). This resulted in an increase in expected costs, to $51.6 million, and in expected benefits, to $83.0 million.

In January 1986, the RRB again updated the estimates of the expected costs and benefits of the automation plans. Our current estimate of expected costs is about $51.0 million, or $0.6 million less than our December 1984 estimate. The current estimate, however, excludes estimated costs for developing a centralized accounts receivable system and a cost accounting system. Estimates for those systems will be developed in fiscal year 1986.

In our January 1986 estimate, we also reduced our estimated cost savings. Our reduction in estimated cost savings from $83 million to $75.6 million is based on the following reasons:

-- Experience in implementing the AMIS system.

Our experience with the AMIS system (the core components of which have been implemented or are nearing implementation) indicates that greater than anticipated amounts of time and resources are needed to make the transition from our old system to the new one and to fully debug the new system. Backlogs developed during the transition period and during parallel operations of the old and new systems which required additional resources. In addition, unforeseen procedural problems surfaced during the transition that caused delays and required additional resources to resolve. Accordingly, we reduced our estimate of savings for the AMIS system.

We also adjusted our cost savings estimates for the AMIS system based on a survey of the organizational units where we initially anticipated the greatest savings from the system. The survey indicated that our original estimates of staff savings were overstated. Also, savings anticipated from the centralized accounts receivable system and from equipment rental were eliminated from the current estimates.

-- Difficulties in establishing cost savings due to workload variations.

Cost savings at both headquarters and field offices were anticipated from the data communications network because field personnel would be able to access data directly rather than use headquarters personnel as an intermediary in obtaining data. We believe that efficiencies at both headquarters and field offices have occurred as a result of the data communications network, but we have been unable to document these savings. We believe that savings have been obscured by an increase in staff time required to respond to inquiries related to implementation of one-time legislative changes and to proposals affecting our benefit programs.

Because we have been unable to document cost savings for the data communications network, we have deferred reflected cost savings from fiscal years 1986 - 1988 for the network until fiscal year 1989, the first full fiscal year that the RCPS will be in operation.

We will reevaluate anticipated costs and benefits at the end of fiscal year 1986, when the logical design phase of the RCPS project is completed.

The current estimate of cost savings for automated systems is $75.6 million. With costs estimated at $51.0 million, the cost-benefit relationship remains favorable.

There are additional major benefits that we expect to realize upon completion of the RCPS project which are not quantifiable. These include:

- -- improvements in the accuracy and timeliness of processing benefit payments,
- -- upgraded program integrity and quality assurance measures,
- -- improved debt collection practices, and
- -- reduced cost for implementing legislative changes.

The following tables present (1) a summary of the primary reasons for changes in the cost and benefit estimates and (2) estimated costs and benefits and actual expenditures on a year-by-year basis.

Changes in Estimated Automation Costs

	Estimate ($000)		
	2/84	1/86	Difference
Administrative Management Information System	1,800	2,862	+ 1,062
1/85 adjustments			
Additional system requirements defined and additional system testing required.			+ 710
Software license fees over system life cycle.			+ 550
1/86 adjustments			
Terminals and other equipment.			+ 78
Removal of estimated amount for cost accounting and centralized accounts receivable systems. A new estimate will be developed in 1986.			- 250
Actual contract costs are expected to be less than anticipated.			- 26
Retirement Claims Processing System	13,600	18,338	+ 4,738
1/85 adjustment			
Revision based on contract award.			+ 2,487
1/86 adjustments			
Data communication and other equipment and software.			+ 1,089
Actual contract costs to date have been less than anticipated.			- 228
Additional amount added to allow for audit costs, incorporating legislative changes, and a portion of data conversion.			+ 1,390
Data Communications Network to Field Offices	4,600	24,287	+ 19,687
1/85 adjustment			
Line and network service cost added for system life cycle.			+ 18,120

Changes in Estimated Automation Costs (continued)

	Estimate ($000)		
	2/84	1/86	Difference
1/86 adjustments			
Competitive bids resulted in actual costs that were less than earlier estimates.			- 2,078
Additional line and network service cost over system life cycle.			+ 980
Additional maintenance costs over system life cycle.			+ 2,665
New Computer and Direct Access Storage Devices	3,200	5,547	+ 2,347
1/85 adjustments			
Computer maintenance fees over system life cycle.			+ 585
Change from purchase to lease/purchase, computer mainframe.			+ 1,607
Addition of estimate for direct access storage devices (not included in original estimate).			+ 1,800
Maintenance costs for direct access storage devices.			+ 996
Change from purchase to lease/purchase, direct access storage devices.			+ 1,560
1/86 adjustments			
Decrease in costs due to reverting from lease/purchase to purchase of equipment, and to competitive bids that were lower than earlier estimates.			- 4,125
Decrease in projected maintenance costs.			- 76

Summary of Changes in Estimated Automation Costs

2/84 estimate	$ 23,200,000
1/85 adjustments	+ 28,415,000
1/85 estimate	51,615,000
1/86 adjustments	- 581,000
1/86 estimate	$ 51,034,000

Changes in Estimated Automation Benefits

	Estimate ($000)		
	2/84	1/86	Difference
Administrative Management Information System	2,340	1,637	- 703
1/85 adjustment			
Reevaluation of the number and projected cost of full-time equivalent employees saved over system life cycle.			+4,663
1/86 adjustments			
Unanticipated problems during transition period.			- 478
Reduction in anticipated staffing reduction benefits based on survey of users.			-3,442
Adjustment to full-time equivalent employee cost based on revised economic assumptions.			+ 124
Reduction in anticipated interest earnings due to removal of the centralized accounts receivable system from this project.			- 770
Reduction in expected equipment rental savings.			- 800
Retirement Claims Processing System	51,000	59,586	+8,586
1/85 adjustment			
Reevaluation of the number and projected cost of full-time equivalent employees saved over system life cycle.			+8,292
1/86 adjustments			
Deferral for recognition of anticipated savings from fiscal years 1987 and 1988 to fiscal year 1989 based on AMIS experiences (unanticipated procedural problems, need to debug new system, development of backlogs during transition period).			-4,942
Adjustment to full-time equivalent employee cost based on revised economic assumptions.			+5,236

Changes in Estimated Automation Benefits (continued)

		Estimate ($000)	
	2/84	1/86	Difference
Data Communications Network to Field Offices	0	14,425	+14,425
1/85 adjustment			
Estimated benefits for this item were not included in the original estimate.			+16,724
1/86 adjustments			
Deferral for recognition of savings from fiscal years 1986-1988 to fiscal year 1989 due to inability to document savings.			- 3,642
Adjustment to full-time equivalent employee cost based on revised economic assumptions.			+ 1,343

Summary of Changes in Estimated Automation Benefits

2/84 estimate	$ 53,340,000
1/85 adjustments	+ 29,679,000
1/85 estimate	83,019,000
1/86 adjustments	- 7,371,000
1/86 estimate	$ 75,648,000

RAILROAD RETIREMENT BOARD - MAJOR AUTOMATION PROJECTS

COSTS

FY	ADMINISTRATIVE MANAGEMENT INFORMATION SYSTEM Original Estimate 2/84	ADMINISTRATIVE MANAGEMENT INFORMATION SYSTEM Current Estimate 1/86	ADMINISTRATIVE MANAGEMENT INFORMATION SYSTEM Actual Expenditures Thru 12/85	RETIREMENT CLAIMS PROCESSING SYSTEM Original Estimate 2/84	RETIREMENT CLAIMS PROCESSING SYSTEM Current Estimate 1/86	RETIREMENT CLAIMS PROCESSING SYSTEM Actual Expenditures Thru 12/85	DATA COMMUNICATIONS NETWORK Original Estimate 2/84	DATA COMMUNICATIONS NETWORK Current Estimate 1/86	DATA COMMUNICATIONS NETWORK Actual Expenditures Thru 12/85	NEW COMPUTER/DASD Original Estimate 2/84	NEW COMPUTER/DASD Current Estimate 1/86	NEW COMPUTER/DASD Actual Expenditures Thru 12/85	TOTALS Current Budget Estimate	TOTALS Actual Expenditures Thru 12/85
1983	$1,600,000	$7,227,500		$400,000	$300,000								$7,527,500	
1984			$991,743	4,700,000	4,900,000	$177,286	$1,[illegible]00,000	$2,104,000	$575,400				$7,004,000	$1,087,031
1985	200,000	64,000	925,760	3,500,000	3,775,000	4,290,568	[illegible]00,000	761,000	2,121,409	$1,200,000	$3,406,000	$3,406,000	$8,006,000	$10,744,237
1986		64,000	62,941	3,000,000	5,015,000	1,239,679	1,[illegible]00,000	1,190,000	145,100	2,000,000	613,826		$6,882,826	$1,494,810
1987		60,000		2,000,000	4,930,000		[illegible]00,000	1,412,000			254,000		$6,656,000	
1988		50,000			312,000			2,035,000			141,475		$2,538,475	
1989		50,000						2,035,000			141,475		$2,226,475	
1990		50,000						2,035,000			141,475		$2,226,475	
1991		50,000						2,035,000			141,475		$2,226,475	
1992		50,000						2,035,000			141,475		$2,226,475	
1993		50,000						2,035,000			141,475		$2,226,475	
1994		50,000						2,035,000			141,475		$2,226,475	
1995		50,000						2,035,000			141,475		$2,226,475	
1996		50,000						2,035,000			141,475		$2,226,475	
TOTALS	$1,800,000	$7,861,500	$1,971,444	$13,600,000	$19,232,000	$5,707,533	$4,[illegible]00,000	$24,297,000	$2,841,909	$3,200,000	$5,547,101	$3,406,000	$51,033,401	$14,129,886

BENEFITS

FY	ADMINISTRATIVE MANAGEMENT INFORMATION SYSTEM Original Estimate 2/84	ADMINISTRATIVE MANAGEMENT INFORMATION SYSTEM Current Estimate 1/86	ADMINISTRATIVE MANAGEMENT INFORMATION SYSTEM Actual Savings	RETIREMENT CLAIMS PROCESSING SYSTEM Original Estimate 2/84	RETIREMENT CLAIMS PROCESSING SYSTEM Current Estimate 1/86	RETIREMENT CLAIMS PROCESSING SYSTEM Actual Savings	DATA COMMUNICATIONS NETWORK Original Estimate 2/84	DATA COMMUNICATIONS NETWORK Current Estimate 1/86	DATA COMMUNICATIONS NETWORK Actual Savings	TOTALS Current Savings Estimate	TOTALS Actual Savings
1983											
1984	$100,000										
1985	320,000									$0	
1986	320,000			$100,000						0	
1987	320,000	$94,085		400,000				-		94,085	
1988	320,000	134,600		1,300,000						134,600	
1989	320,000	142,937		5,400,000	$6,005,796			$1,433,422		7,582,155	
1990	320,000	151,624		7,300,000	6,383,100			1,541,646		8,076,370	
1991	320,000	160,380		7,300,000	6,763,056			1,627,719		8,551,155	
1992		169,687		7,300,000	7,167,408			1,731,466		9,068,561	
1993	-	179,615		7,300,000	7,598,392		-	1,842,048		9,620,055	
1994		190,175		7,300,000	8,057,116			1,971,163		10,218,454	
1995		201,425		7,300,000	8,545,696			2,085,106		10,832,227	
1996	-	211,410			9,065,091		-	2,192,434		11,469,935	
TOTALS	$2,340,000	$1,636,738	-	$51,000,000	$59,536,455			$14,425,204		$75,648,397	

Note: Cost estimates include contractor, software, equipment, licensing, and maintenance costs.

Estimates for the Administrative Management Information System do not include estimated costs of and benefits from development of a centralized accounts receivable system or a cost accounting system.

The fiscal year 1986 funds for the Retirement Claims Processing System were reduced by $312,000 due to sequestration under Public Law 99-177. This amount was added to fiscal year 1988.

Fiscal Year 1987 Request for Automation Plans

To support automation plans, the following amounts are included in our fiscal year 1987 budget request:

Object class	Description	Amount ($000)
23.3	Communications, utilities and miscellaneous charges	1,785
25.0	Other services	
	-- Fourth installment to finance the RCPS	3,254
	-- Enhancement to AMIS payroll/ personnel software	10
	-- Maintenance of AMIS software	50
	-- Maintenance of computer and disk storage devices	150
	-- Maintenance of communications equipment	127
		3,591
31.0	Equipment	
	-- Replace disk storage equipment	636
	-- Data communications equipment to support RCPS	761
	-- Miscellaneous ADP equipment for RCPS	15
		1,412
	Total	6,788

OTHER INFORMATION

Statement to the Congress Concerning Progress in Establishing Effective Management Controls and Improving the Accuracy and Completeness of Information Provided to the Federal Procurement Data System on Contracts for Consulting Services

31 U.S.C.S. §1114 requires the Inspector General or comparable official of each agency to submit to the Congress each year, with the budget justification for the agency, an evaluation of the agency's progress in establishing effective management controls and improving the accuracy and completeness of the information provided to the Federal Procurement Data System on contracts for consulting services.

The Bureau of Audit and Investigation has performed such an evaluation and issued a report entitled, "Evaluation of the Management Controls Over Contracts for Consulting Services and the Accuracy and Completeness of Information Reported to the Federal Procurement Data System," August 24, 1984.

Essentially, we found that some progress has been made but that a number of the management control requirements of Office of Management and Budget Circular No. A-120, "Guidelines for the Use of Consulting Services," have not been fully and effectively implemented. The corrective action that we recommended has not yet been completed.

William J Doyle III
William J. Doyle III
Inspector General

Actions Taken and to be Taken in Response to U.S. General Accounting Office (GAO) Recommendations

Inaccurate Fund Transfers Between Social Security Administration and Railroad Retirement Board, HRD-83-2, April 4, 1983

"To improve the precision of the benefit amount transferred through the interchange, the Chairman should ensure that a more precise statistical method is used to calculate the average benefit amount for the Board's sample cases."

Status: Rejected. In their responses to the draft GAO report, the Railroad Retirement Board (RRB) and the Department of Health and Human Services (HHS) disagreed with GAO regarding the use of a composite estimator. In March 1985, RRB and HHS officials decided that a composite estimator should not be adopted.

... ...

"To protect the interests of railroad retirement and social security taxpayers and beneficiaries, the Chairman of the Railroad Retirement Board and the Secretary of Health and Human Services should assure that their respective audit groups -- either singly or jointly -- periodically audit all components of the interchange."

Status: Implemented. The RRB's bureau of audit and investigation began an audit of the financial interchange in May 1984. Audits of the financial interchange will be done periodically in the future.

Audits of Federal Programs: Reasons for the Disparity Between Costs Questioned by Auditors and Amounts Agencies Disallow, AFMD-84-57, August 8, 1984

"We recommend the head of each federal department and agency with an internal audit organization or OIG review that agency's audit resolution procedures and, where these deficiencies exist, implement policies and procedures to correct them."

Status: Implemented. The recommendation concerns the use of questionable procedures for deciding to allow costs claimed by grantees and contractors, but questioned by the auditors. It has limited applicability at the RRB because this agency does not have any grant programs. Further, under our audit followup system, the auditors are directly involved in evaluating proposed corrective actions and in monitoring corrective actions to a conclusion, so if there was an audit that involved questioned costs, the auditors would track the corrective action to its conclusion.

... ...

"We recommend the head of each federal department and agency with an internal audit organization or OIG determine whether a similar problem exists in that agency, and if it does, we recommend that they take the same corrective action."

Status: Implemented. This recommendation concerns referral of disagreements between program officials and auditors to the audit followup official for resolution. We are in compliance with this recommendation. Under the RRB audit followup system, auditors are directly involved in evaluating proposed corrective actions on audit recommendations and in monitoring corrective actions to a conclusion. Disagreements between auditors and program officials are referred to the audit followup official for resolution.

... ...

"Ensure the requirements in the Comptroller General's audit resolution standard for following up on findings and recommendations are met."

Status: Implemented. We are in compliance with the Comptroller General's audit resolution standard for following up on findings and recommendations. Under the RRB audit followup system, auditors are directly involved throughout the followup process. They evaluate corrective actions proposed by program officials, monitor the status of proposed corrective actions, and close out recommendations from the audit followup system when corrective action is completed.

... ...

"Ensure compliance with OMB Circular A-50 requirements for reviewing program officials' responses to audit reports and reporting disagreements to the audit follow-up official."

Status: Implemented. Under the RRB audit followup system, auditors are directly involved in evaluating proposed corrective actions on audit recommendations and in monitoring corrective actions to a conclusion. Disagreements between auditors and program officials are referred to the audit followup official.

... ...

"In accordance with standard OMB definitions, we recommend IGs report all information requested by the Senate Committee on Appropriations contained in their report on the Supplemental Appropriations and Rescission Act of 1980 and clearly state that reported disallowed cost is subject to reduction."

Status: Public Law 98-76, enacted August 12, 1983, authorized an Inspector General for the RRB. The Office of Inspector General was established on January 20, 1986. We will submit the recommended information in future semiannual reports to the Congress.

Need to Improve Controls to Curtail Possible Fraud and Abuse in the Railroad Retirement Board's Unemployment and Sickness Insurance Program, HRD-85-37, February 27, 1985

"Initiate more systematic wage checks for nonrail employment by beneficiaries, including the regular use of computerized wage checks of beneficiaries with state employer wage records in those states which maintain such records and where such computerized wage checks are found to be cost beneficial."

Status: Implemented. Computer matching programs with Indiana, Missouri, Ohio, Pennsylvania, and Texas are now operational. An agreement for a matching program has been signed with California and a tape file will be forwarded to that state for processing.

The continuation of the Illinois matching program is pending the signing of an agreement by state officials.

An agreement was signed with Minnesota to begin a computer matching program in fiscal year 1986. Contact will be made with at least two additional states in fiscal year 1986.

... ...

"Notify rail employers after a claimant has filed for unemployment benefits."

Status: Implemented. On July 22, 1985, the RRB began a program to notify employers when an employee files for unemployment or sickness benefits.

... ...

"Systematically verify reported changes of address."

Status: Implemented. On August 12, 1985, the program to verify the changes of address became operational.

... ...

"Periodically review the validity of multiple benefit checks being sent to the same address."

Status: The target date for implementing this recommendation is April 1986.

... ...

"Require, as a minimum, some form of additional control to verify sickness claims. This could include requiring doctors to provide identification that would not be known to claimants, such as the doctor's tax identification number, when they certify sickness claims."

Status: The RRB has set a target date of April 1987 for implementing this recommendation.

Summary of Permanent Positions
(Full and Part Time)

	1985 Actual	1986 Est.	1987 Est.
Executive Level III	1	1	1
Executive Level IV	2	3	3
Subtotal	3	4	4
ES-5	1	1	1
ES-4	1	1	1
ES-3	2	2	2
ES-2	3	3	3
ES-1	2	2	2
Subtotal	9	9	9
GS/GM-15	31	31	31
GS/GM-14	40	40	40
GS/GM-13	68	68	68
GS-12	233	233	233
GS-11	156	156	156
GS-10	201	201	201
GS-9	161	161	161
GS-8	161	161	161
GS-7	194	194	194
GS-6	76	76	76
GS-5	135	135	135
GS-4	130	130	130
GS-3	107	107	107
GS-2	14	14	14
Subtotal	1707	1707	1707
Wage Board	23	23	23
Total	1742	1743	1743
Unfilled Positions As of September 30	196	196	196
Total Permanent Employment (End of Year)	1546	1547	1547

Changes from the Fiscal Year 1986 Appropriation Act Levels for the Limitation Accounts a/

Item	Amount($000)	Explanation
1. FY 1986 Appropriation Act	71,909	This is the original total in the fiscal year 1986 Appropriation Act, P.L. 99-178. Of the $55,422,000 available for the RR program, $500,000 is a statutory reserve not included in the obligation levels.
UI Limitation	16,487	
RR Limitation	55,422 b/	
2. Appendix to the President's Budget for FY 1987		
FY 1986 before P.L. 99-177 reductions	69,009	This is the level in both limitations before P.L. 99-177 sequestration. It reflects the deferral of $2,900,000. (RR limitation $1,529,000; UI limitation $1,371,000.)
UI Limitation	15,116	
RR Limitation	53,893 b/	
FY 1986 after P.L. 99-177 reductions	65,917	This level reflects the abovementioned deferral of $2,900,000 plus the P.L. 99-177 sequestration of $3,092,000 as follows:
UI Limitation	14,407	UI limitation $ 709,000
RR Limitation	51,510 c/	RR limitation 2,362,000
		RR Stat. Res. 21,000
		$3,092,000
Total cut in FY 1986 from Congressional level shown in President's FY 1987 budget	5,992	
UI Limitation	2,080	
RR Limitation	3,891	
RR Statutory Reserve	21	

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a/ An additional $23,000, related to administrative expenses for supplemental unemployment benefits, is not reflected in the table below.

b/ Includes $500,000 statutory reserve.

c/ Includes $479,000 of the $500,000 statutory reserve; the balance of the statutory reserve ($21,000) was sequestered under P.L. 99-177.

Item	Amount($000)	Explanation
• Apportionment and Reapportionment Schedules (SF-132's) Approved by OMB in February 1986	68,817	This is the level in the reapportionment requests approved by OMB in mid-February 1986. It reflects only P.L. 99-177 reductions from the FY 1986 appropriations (P.L. 99-178), totaling $3,092,000. As agreed with OMB officials, this is the level we reflect in this budget justification.
UI Limitation	15,778	
RR Limitation	53,039 c/	

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c/ Includes $479,000 of the $500,000 statutory reserve; the balance of the statutory reserve ($21,000) was sequestered under P.L. 99-177.

TUESDAY, APRIL 22, 1986.

UNITED STATES INSTITUTE OF PEACE

WITNESSES

JOHN NORTON MOORE, CHAIRMAN, BOARD OF DIRECTORS
ROBERT F. TURNER, PRESIDENT

Mr. NATCHER. We take up next the Institute of Peace. We have before the committee Dr. John Norton Moore, the Chairman of the Board of Directors of the United States Institute of Peace.

Dr. Moore, who do you have with you there at the table this morning?

Mr. MOORE. Mr. Chairman, I have Mr. Robert F. Turner, the President of the Institute of Peace.

Mr. NATCHER. We are delighted to have both of you gentlemen before the committee at this time, and we will be pleased to hear from you, Dr. Moore.

Mr. MOORE. Thank you, sir.

OPENING STATEMENT

Chairman Natcher, Congressman Dwyer, it is an honor and a pleasure to appear before you in my capacity as Chairman of the Board of Directors of the United States Institute of Peace.

This is an historic occasion, the first opportunity for the Institute to testify before Congress since the Board of Directors was sworn in by Chief Justice Burger on February 26.

I am accompanied by Robert F. Turner, the Institute's first President.

The Institute of Peace was established by the United States Institute of Peace Act on October 9, 1984. It is governed by a Board of Directors of 15 members, and in the language of our enabling statute, it is intended to be "an independent, nonprofit, national institute to serve the people and the government through the widest possible range of education and training, basic and applied research opportunities, and peace information services on the means to promote international peace and the resolution of conflicts among the nations and peoples of the world without recourse to violence."

No function of the Federal Government is more important, more fundamental to the core responsibilities entrusted by the founding fathers to Congress and the President, than providing for the security of the Nation by promoting and preserving peace.

Few would doubt that this includes a substantial commitment to the defense establishment of our country, upon which we rely to deter aggression and to protect us if deterrence fails.

But any efforts that we can devote to a better understanding of peace processes, the successes and failures of past peacekeeping efforts, and the most effective instruments for resolving international disputes by nonviolent means, will, in my view, be money well spent.

Few, if any, national priorities should be higher than ensuring that future generations of Americans will be able to enjoy their liberties and preserve our national values by peaceful means.

Today, every nation must recognize the imperative of an international order based on the rule of law and the fundamental principle embodied in the United Nations Charter prohibiting the "threat or use of force against the territorial integrity or political independence of any state."

It is, in my view, particularly appropriate that America play a leading role in the promotion of world peace. Americans, reflecting their democratic heritage, have historically placed peace high on their list of national values, and American leaders over the decades have been leaders in working for peace.

Americans participated actively in the Hague Peace Conferences of 1899 and 1907. Secretary of State William Jennings Bryan led the world to fact-finding and "cooling-off" treaties as a means of war avoidance.

President Woodrow Wilson's vision became the League of Nations. Secretary of State Kellogg helped lead the world to the momentous Pact of Paris that, at least in legal terms, prohibited aggressive war as a modality of foreign policy.

President Franklin Roosevelt, with the strong support of a bipartisan Congress, was instrumental in the creation of the United Nations. President Truman offered the Baruch Plan to harness the nuclear genie exclusively for peaceful purposes.

President Kennedy established the Peace Corps and the Arms Control and Disarmament Agency, unique national institutions for promoting peace. The United States Institute of Peace, established with broad bipartisan support, is in this great America tradition.

In a very real sense, the Institute of Peace is an investment in America's future. The full impact of the scholarly research that takes place within the confines of our offices, and that which is funded at universities and research centers around the country under the provisions of our enabling legislation, may not be felt for several years.

Indeed, I cannot with any certainty assure you that the money appropriated for the Peace Institute will prevent a single war or armed conflict. But believing strongly as I do that a better understanding of the causes of war, and reflection upon the successes and failures of past efforts at conflict resolution, will reduce the likelihood of at least some types of conflicts, I am persuaded that the Institute is a sound investment in the preservation of peace.

My conviction in this regard is sufficiently strong to persuade me to devote a substantial amount of my own time and energies to this end, and in that commitment, I am joined by an impressive group of Board colleagues.

The Institute of Peace is still very much in its infancy. Less than two months have passed since the initial meeting of our Board of Directors. We are moving expeditiously to complete our organizational tasks and get on with the important responsibilities entrusted to us by Congress and the President.

But, of necessity, many important issues have yet to be addressed, much less resolved.

While much remains to be done, we are moving quickly. And I must share with you the tremendous reception we have already received from across the Nation and around the world.

This begins with the overwhelming and bipartisan support we have received from both Houses of Congress, several Members of which joined us at our initial meeting for preliminary substantive discussions and to express their continued support.

These included Senators Mark O. Hatfield, Spark M. Matsunaga, and Claiborne Pell, and Congressman Dan Glickman. We were particularly moved by the strong support offered as well by former Senator Jennings Randolph, who has kindly agreed to serve as a Senior Advisor to the Institute. I believe it was especially fitting that our first meeting took place within the halls of Congress, where the Institute was born.

Both President Reagan and Secretary of State Shultz took time from their busy schedules to meet with the Board and to wish us well on our second day of meetings.

Secretary Shultz has already detailed one State Department employee to assist us in our work, and the White House has made available a beautiful and historic townhouse at 730 Jackson Place for a temporary headquarters while we search for a more permanent home. We moved in eight days ago, and within a matter of hours began receiving public visitors and well-wishers.

On the international level, too, the Institute's establishment has been warmly received. United Nations Secretary General Perez de Cuellar, in a cable to Secretary Shultz, called the establishment of the Institute "a highly important event" and noted the appropriateness of our getting underway during the U.N.'s International Year of Peace.

Several prominent international organizations also have communicated their support for our establishment, and next week, two of our Board members will travel to Ireland to participate in an international conference under the auspices of the Irish Peace Institute.

In addition to our meetings with the President, the Secretary of State, the Chief Justice, and several Congressional leaders, the Board has already committed itself to an active schedule of meetings to expedite our organization and the establishment and implementation of our initial programs.

Our second two-day meeting for the month of April will begin a week from today, and I expect us to continue meeting approximately two days a month throughout the rest of the year.

We have organized the Board into six committees, and by the end of the month, each committee will have held at least one meeting. These six committees, designed to track our legislative mandate, are:

Education and Training; Research and Studies; Information Services; Institutional Planning; Organization and Administration; and Personnel.

In order to get underway rapidly, we are hiring an interim staff of capable individuals on short-term contracts while we conduct an energetic search to identify and bring on board a more permament staff of the higher caliber.

In the meantime, I am particularly pleased that we have secured the services of Robert F. Turner as President and Charles Duryea Smith as our Attorney Adviser.

Bob Turner formerly served as Principal Deputy Assistant Secretary of State for Legislative and Intergovernmental Affairs, and has had extensive governmental and academic experience on war and peace issues.

He has generously agreed to serve for a period of one year to permit the Institute to get underway quickly while conducting a careful search for his successor.

Charles Smith served as Special Assistant to Senator Matsunaga on the Federal Commission which recommended the establishment of a National Peace Academy, and he is the editor of "The Hundred Percent Challenge: Building a National Institute of Peace." He brings to our Institute an historical perspective and personal dedication that will be hard to match after even the most exhaustive search.

We are examining the possibility of promoting in the immediate future a national essay contest on topics pertaining to international peace and conflict resolution for high school and university students, and are moving forward to establish the very important Jennings Randolph Program for International Peace.

Pursuant to the United States Institute of Peace Act, the Jennings Randolph Program for International Peace will involve the appointment "for periods of up to two years, of scholars and leaders in peace from the United States and abroad to pursue scholarly inquiry and other appropriate forms of communication on international peace and conflict resolution and, as appropriate, provide stipends, grants, fellowships and other support to the leaders and scholars."

Mr. Chairman, as I hope is apparent from what I have said, we are genuinely excited about the progress we are making. We are impressed with the magnitude of the task entrusted to us by the American people, and we are enthusiastic about the opportunity we have been afforded to make a meaningful contribution to the cause of international peace.

The Institute of Peace Act authorized appropriations of $6,000,000 for fiscal year 1985, and $10,000,000 for the current fiscal year.

Although there was strong bipartisan support for the full appropriation, during the fiscal year 1985 appropriations process, a decision was made during Senate floor consideration to reduce the funding level to $4,000,000 for the first year on the assumption that the Institute would be operational for only part of the fiscal year.

The statute specifically provided that "monies appropriated for the fiscal year 1985 shall remain available to the Institute through the fiscal year 1986."

Because the Institute still had not been established a year later, no additional funds were appropriated for fiscal year 1986, although both appropriations committees expressed continued support for the program in report language.

In the absence of guidance on projected levels of expenditure from the yet-to-be-established Institute, the Administration submitted a proposed budget including $1,250,000 for the Peace Institute for fiscal year 1987.

Although not reflected in the figures at Annex B, the Office of Management and Budget has informed me that this figure was premised in part on the assumption that about half of the $4,000,000 appropriated for fiscal year 1986 would be carried over in our endowment and would be available for obligation in fiscal year 1987.

We also understand that authorization bills will be introduced soon by Members of Congress in both Houses providing for $6,000,000 for the Peace Institute for fiscal year 1987.

Until the Board has completed its organizational phase and has made some fundamental program decisions, as much as I would like to, I am simply not able to provide you with detailed and specific budget figures.

Indeed, to do so at this preliminary phase could not be premised on the care and precision this committee rightfully expects in such submissions, and would, I believe, not be fair to the important mandate of the Institute.

Although at this early stage of our organizational work, we are not able to provide you with meaningful specific budget figures, the Board is deeply impressed with the magnitude of the task before the Institute.

A preliminary review of some of the OMB figures at Annex B suggests that at least some of our requirements, however, will be greater than projected. For example, we are told that the projections for travel and transportation were premised upon the Board meeting about six days a year.

We will have achieved that figure by next week, after only two months of operation. More importantly, the statute envisions our playing an active role in educating Americans and working with international experts in this important area.

Even before our first meeting, we had received scores of invitations for speakers from around the country. Such activities could be curtailed significantly if we are limited by the OMB budget allocations. Other costs, as well, could vary dramatically depending upon the direction the Board chooses to go on various initial program options.

Section 1705(c) of the Institute of Peace Act requires that "at least one-fourth of the Institute's annual appropriations shall be paid to nonprofit and official public institutions."

Section 1710(b) provides that "any funds not obligated or expended from appropriations to the Institute for a fiscal year" may be transferred to the endowment of the Institute and "such funds shall remain available for obligation or expenditure without regard to fiscal year limitations."

It is my initial reading of these provisions that, while one-quarter of our funds appropriated each year must eventually be passed through to such public institutions, if during a particular fiscal year we do not obligate the full sum appropriated, we are not required to pass through 25 percent of the total appropriation during that year.

Since this issue is likely to arise during our start-up phase, I thought it wise to bring it to your attention now and to seek any clarification or guidance you might wish to provide in the event I have misunderstood the legislative intent.

My expectation is that we will find ourselves confronted with far more proposals worthy of public support in this field than our resources will permit us to fund. Indeed, I anticipate that substantially more than one-quarter of our funds, particularly during our formative years, will be devoted to external research and grant programs such as those envisioned by section 1705.

Mr. Chairman, this completes my statement. If you have any questions, we will be pleased to try to answer them.

Thank you, Mr. Chairman.

[The statement of Mr. Moore follows:]

STATEMENT OF

JOHN NORTON MOORE

CHAIRMAN OF THE BOARD OF DIRECTORS

OF THE

UNITED STATES INSTITUTE OF PEACE

BEFORE THE

SUBCOMMITTEE ON LABOR,
HEALTH AND HUMAN SERVICES, EDUCATION,
AND RELATED AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

APRIL 22, 1986

UNITED STATES INSTITUTE OF PEACE

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STATEMENT OF
JOHN NORTON MOORE
CHAIRMAN OF THE BOARD OF DIRECTORS
OF THE
UNITED STATES INSTITUTE OF PEACE
BEFORE THE
SUBCOMMITTEE ON LABOR,
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UNITED STATES HOUSE OF REPRESENTATIVES

APRIL 22, 1986

Mr. Chairman and Members of the Subcommittee. It is an honor and a pleasure to appear before you in my capacity as Chairman of the Board of Directors of the United States Institute of Peace. This is an historic occasion--the first opportunity for the Institute to testify before Congress since the Board of Directors was sworn in by Chief Justice Burger on February 26. I am accompanied by Robert F. Turner, the Institute's first President.

Background

The Institute of Peace was established by the United States Institute of Peace Act[1] on October 19, 1984. It is governed by a Board of Directors of fifteen members,[2] and--in the language of our enabling statute--is intended to be:

> **. . . an independent, nonprofit, national institute to serve the people and the Government through the widest possible range of education and training, basic and applied research opportunities, and peace information services on the means to promote international peace and the resolution of conflicts among the nations and peoples of the world without recourse to violence.**[3]

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[1] Title XVII of Pub. L. 98-525 (1984) (reprinted in Annex A).

[2] Four of these are *ex-officio* members: The Secretaries of State and Defense or their representatives, the Director of the Arms Control and Disarmament Agency or his representative, and the President or Vice President of the National Defense University. Nine of the eleven public members provided for in the statute were appointed by the President and confirmed by the Senate late last year, and a tenth is now awaiting Senate consideration.

[3] Pub. L. 98-525, § 1702(b).

No function of the Federal Government is more important, more fundamental to the core responsibilities entrusted by the Founding Fathers to Congress and the President, than providing for the security of the nation by promoting and preserving peace. Few would doubt that this includes a substantial commitment to the defense establishment of our country, upon which we rely to deter aggression and to protect us if deterrence fails. But any efforts that we can devote to a better understanding of peace processes, the successes and failures of past peacekeeping efforts, and the most effective instruments for resolving international disputes by non-violent means, will in my view be money well spent. Few, if any, national priorities should be higher than ensuring that future generations of Americans will be able to enjoy their liberties and preserve our national values by peaceful means. Today every nation must recognize the imperative of an international order based on the rule of law and the fundamental principle embodied in the United Nations Charter prohibiting the "threat or use of force against the territorial integrity or political independence of any state . . . ."[4]

It is in my view particularly appropriate that America play a leading role in the promotion of world peace. Americans--reflecting their democratic heritage--have historically placed peace high on their list of national values, and American leaders over the decades have been leaders in working for peace. Americans participated actively in the Hague Peace Conferences of 1899 and 1907. Secretary of State William Jennings Bryan led the world to fact-finding and "cooling-off" treaties as a means of war avoidance. President Woodrow Wilson's vision became the League of Nations. Secretary of State Kellogg helped lead the world to the momentous Pact of Paris that, at least in legal terms, prohibited aggressive war as a modality of foreign policy. President Franklin Roosevelt--with the strong support of a bipartisan Congress--was instrumental in the creation of the United Nations. President Truman offered the Baruch Plan to harness the nuclear genie exclusively for peaceful purposes. President Kennedy established the Peace Corps and the Arms Control and Disarmament Agency, unique national institutions for promoting peace. The United States Institute of Peace, established with broad bipartisan support, is in this great American tradition.

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[4] U.N. Charter, art. 2(4).

In a very real sense, the Institute of Peace is an investment in America's future. The full impact of the scholarly research that takes place within the confines of our offices, and that which is funded at universities and research centers around the country under the provisions of our enabling legislation, may not be felt for several years. Indeed, I cannot with any certainty assure you that the money appropriated for the Peace Institute will prevent a single war or armed conflict. But believing strongly as I do that a better understanding of the causes of war, and reflection upon the successes and failures of past efforts at conflict resolution, will reduce the likelihood of at least some types of conflicts, I am persuaded that the Institute is a sound investment in the preservation of peace. My conviction in this regard is sufficiently strong to persuade me to devote a substantial amount of my own time and energies to this end, and in that commitment I am joined by an impressive group of board colleagues.

The Institute of Peace is still very much in its infancy. Less than two months have passed since the initial meeting of our Board of Directors. We are moving expeditiously to complete our organizational tasks and get on with the important responsibilities entrusted to us by Congress and the President. But, of necessity, many important issues have yet to be addressed--much less resolved.

Strong Support for the Institute

While much remains to be done, we are moving quickly. And I must share with you the tremendous reception we have already received from across the nation and around the world. This begins with the overwhelming and bipartisan support we have received from both houses of Congress,[5] several members of which joined us at our initial meeting for preliminary substantive discussions and to express their continued support. These included Senators Mark O. Hatfield, Spark M. Matsunaga, and Claiborne Pell, and Congressman Dan Glickman. We were particularly moved by the strong support offered as well by former Senator Jennings Randolph, who has kindly agreed to serve as a Senior Advisor to the Institute. I believe it was especially fitting that our first meeting took place within the halls of Congress, where the Institute was born.

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[5] We take pride in the fact that in 1984 our enabling legislation was cosponsored by a bipartisan group of more than 200 Members of the House and Senate.

Both President Reagan and Secretary of State Shultz took time from their busy schedules to meet with the Board and to wish us well on our second day of meetings. Secretary Shultz has already detailed one State Department employee to assist us in our work, and the White House has made available a beautiful and historic townhouse at 730 Jackson Place for a temporary headquarters while we search for a more permanent home. We moved in eight days ago, and within a matter of hours began receiving public visitors and well-wishers.

On the international level, too, the Institute's establishment has been warmly received. United Nations Secretary General Perez de Cuellar, in a cable to Secretary Shultz, called the establishment of the Institute "a highly important event" and noted the appropriateness of our getting underway during the U.N.'s International Year of Peace. Several prominent international organizations also have communicated their support for our establishment, and next week two of our board members will travel to Ireland to participate in an international conference under the auspices of the Irish Peace Institute.

Current Activities

In addition to our meetings with the President, the Secretary of State, the Chief Justice, and several congressional leaders, the Board has already committed itself to an active schedule of meetings to expedite our organization and the establishment and implementation of our initial programs. Our second two-day meeting for the month of April will begin a week from today, and I expect us to continue meeting approximately two days a month throughout the rest of the year.[6] We have organized the Board into six committees, and by the end of the month each committee will have held at least one meeting. These six committees, designed to track our legislative mandate, are:

- Education and Training
- Research and Studies
- Information Services
- Institutional Planning
- Organization and Administration
- Personnel

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[6] Section 1706(h)(2) of our statute requires that the Board meet at least twice a year.

In order to get underway rapidly, we are hiring an interim staff of capable individuals on short term contracts while we conduct an energetic search to identify and bring on board a more permanent staff of the highest caliber. In the meantime, I am particularly pleased that we have secured the services of Robert F. Turner as President and Charles Duryea Smith as our Attorney Adviser. Bob Turner formerly served as Principal Deputy Assistant Secretary of State for Legislative and Intergovernmental Affairs and has had extensive governmental and academic experience on war/peace issues. He has generously agreed to serve for a period of one year to permit the Institute to get underway quickly while conducting a careful search for his successor. Charles Smith served as Special Assistant to Senator Matsunaga on the federal commission which recomended the establishment of a National Peace Academy, and he is the editor of ***The Hundred Percent Challenge: Building a National Institute of Peace*** . He brings to our Institute an historical perspective and personal dedication that will be hard to match after even the most exhaustive search.

We are examining the possibility of promoting in the immediate future a national essay contest on topics pertaining to international peace and conflict resolution for high school and university students, and are moving forward to establish the very important Jennings Randolph Program for International Peace. Pursuant to the United States Institute of Peace Act, the Jennings Randolph Program for International Peace will involve the appointment "for periods of up to two years, [of] scholars and leaders in peace from the United States and abroad to pursue scholarly inquiry and other appropriate forms of communication on international peace and conflict resolution and, as appropriate, provide stipends, grants, fellowships, and other support to the leaders and scholars."[7]

Mr. Chairman, as I hope is apparent from what I have said, we are genuinely excited about the progress we are making. We are impressed with the magnitude of the task entrusted to us by the American people, and we are enthusiastic about the opportunity we have been afforded to make a meaningful contribution to the cause of international peace.

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[7] Section 1705(b)(1).

Current Budget

The Institute of Peace Act authorized appropriations of $6,000,000 for FY 1985, and $10,000,000 for the current fiscal year.[8] Although there was strong bipartisan support for the full appropriation, during the fiscal year 1985 appropriations process a decision was made during Senate floor consideration to reduce the funding level to $4,000,000 for the first year on the assumption that the Institute would be operational for only part of the fiscal year.[9] The statute specifically provided that "Monies appropriated for the fiscal year 1985 shall remain available to the Institute through the fiscal year 1986."[10] Because the Institute still had not been established a year later, no additional funds were appropriated for fiscal year 1986--although both appropriations committees expressed continued support for the program in report language.[11]

In the absence of guidance on projected levels of expenditure from the yet-to-be established Institute, the Administration submitted a proposed budget including $1,250,000 for the Peace Institute for FY 1987 (see Annex **B**). Although not reflected in the figures at Annex **B**, the Office of Management and Budget has informed me that this figure was premised in part on the assumption that about half of the $4,000,000 appropriated for FY 1986 would be carried over in our Endowment[12] and would be available for obligation in FY 1987. We also understand that authorization bills will be introduced soon by Members of Congress in both Houses providing for $6,000,000 for the Peace Institute for FY 1987.

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[8] Section 1710(b).

[9] 130 CONG. REC. S. 12713 (daily ed., Oct. 2, 1984) (Sens. Hatfield, Matsunaga, and Proxmire).

[10] Section 1710(a).

[11] House Rep. 99-289, 99th Cong., 1st Sess., 147 (Sept. 26, 1985) ("This bill includes no further funding for the Institute [of Peace] in 1986. The $4,000,000 appropriated in 1985 will by law carry over into 1986. No funds have yet been obligated as the . resident has not yet appointed the Board of Directors of the Institute. The Committee fully expects that a Board of Directors will be appointed in the near future and the funds fully obligated."). *See also*, Senate Rep. 99-151, 99th Cong., 1st Sess., 200 (Oct. 4, 1985) (". . . [T]he Committee believes that additional funding for the Institute [of Peace] is unnecessary at this time. It is the Committee's intent, however, that the Institute will be fully supported with whatever funds are necessary to carry out its powers and duties. The Committee will consider additional funding for the Institute as may be necessary in the near future.").

[12] Section 1704(c) of the Act provides in part that "the Institute may establish . . . a legal entity which is capable of receiving, holding, and investing public funds for purposes in furtherance of the Institute under this title. The Institute may designate such legal entity as the "Endowment of the United States Institute for [sic] Peace." Section 1710(b) provides that "[t]he Board of Directors may transfer to the legal entity authorized to be established under section 1704(c) any funds not obligated or expended from appropriations to the Institute for a fiscal year, and such funds shall remain available for obligation or expenditure for the purposes of such legal entity without regard to fiscal year limitations. Any use by such legal entity of appropriated funds shall be reported to each House of the Congress and to the President of the United States."

Until the Board has completed its organizational phase and has made some fundamental program decisions, as much as I would like to, I am simply not able to provide you with detailed and specific budget figures. Indeed, to do so at this preliminary phase could not be premised on the care and precision this Committee rightfully expects in such submissions, and would, I believe, not be fair to the important mandate of the Institute. Although at this early stage of our organizational work we are not able to provide you with meaningful specific budget figures, the Board is deeply impressed with the magnitude of the task before the Institute.

A preliminary review of some of the OMB figures at Annex **B** suggests that at least *some* of our requirements, however, will be greater than projected. For example, we are told that the projections for travel and transportation were premised upon the Board meeting about six days a year. We will have achieved that figure by next week--after only two months of operation. More importantly, the statute envisions our playing an active role in educating Americans and working with international experts in this important area. Even before our first meeting, we had received scores of invitations for speakers from around the country. Such activities could be curtailed significantly if we are limited by the OMB budget allocations. Other costs, as well, could vary dramatically depending upon the direction the Board chooses to go on various initial program options.

The "Pass Through" Requirement and the Endowment

Section 1705(c) of the Institute of Peace Act requires that "at least one-fourth of the Institute's annual appropriations shall be paid to . . . nonprofit and official public institutions." Section 1710(b) provides that "any funds not obligated or expended from appropriations to the Institute for a fiscal year" may be transferred to the Endowment of the Institute[13] and "such funds shall remain available for obligation or expenditure . . . without regard to fiscal year limitations." It is my initial reading of these provisions that, while one-quarter of our funds appropriated each year must eventually be passed through to such public institutions, if during a particular fiscal year we do not obligate the full sum appropriated, we are not required to pass through 25% of the total appropriation during that year. Since this issue is likely to arise during our start up phase, I thought it wise to bring it to your attention now and to seek any clarification or guidance you might wish to provide in the event I have misunderstood the legislative intent. My expectation is that we will find ourselves confronted with far more proposals worthy of public support in this field than our resources will permit us to fund. Indeed, I anticipate that substantially more than one-quarter of our funds--particularly during our formative years--will be devoted to external research and grant programs such as those envisioned by section 1705.

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[13] *See supra*, note 11.

Mr. Chairman, this completes my statement. If you have any questions, we will be pleased to try to answer them.

Annex A

UNITED STATES INSTITUTE OF PEACE ACT
(Pub. L. 98-525)

TITLE XVII—UNITED STATES INSTITUTE OF PEACE

SHORT TITLE

SEC. 1701. This title may be cited as the "United States Institute of Peace Act".

DECLARATION OF FINDINGS AND PURPOSES

SEC. 1702. (a) The Congress finds and declares that—

(1) a living institution embodying the heritage, ideals, and concerns of the American people for peace would be a significant response to the deep public need for the Nation to develop fully a range of effective options, in addition to armed capacity, that can leash international violence and manage international conflict;

(2) people throughout the world are fearful of nuclear war, are divided by war and threats of war, are experiencing social and cultural hostilities from rapid international change and real and perceived conflicts over interests, and are diverted from peace by the lack of problem-solving skills for dealing with such conflicts;

(3) many potentially destructive conflicts among nations and peoples have been resolved constructively and with cost efficiency at the international, national, and community levels through proper use of such techniques as negotiation, conciliation, mediation, and arbitration;

(4) there is a national need to examine the disciplines in the social, behavioral, and physical sciences and the arts and humanities with regard to the history, nature, elements, and future of peace processes, and to bring together and develop new and tested techniques to promote peaceful economic, political, social, and cultural relations in the world;

(5) existing institutions providing programs in international affairs, diplomacy, conflict resolution, and peace studies are essential to further development of techniques to promote peaceful resolution of international conflict, and the peacemaking activities of people in such institutions, government, private enterprise, and voluntary associations can be strengthened by a national institution devoted to international peace research, education and training, and information services;

(6) there is a need for Federal leadership to expand and support the existing international peace and conflict resolution efforts of the Nation and to develop new comprehensive peace education and training programs, basic and applied research projects, and programs providing peace information;

(7) the Commission on Proposals for the National Academy of Peace and Conflict Resolution, created by the Education Amendments of 1978, recommended establishing an academy as

a highly desirable investment to further the Nation's interest in promoting international peace;

(8) an institute strengthening and symbolizing the fruitful relation between the world of learning and the world of public affairs, would be the most efficient and immediate means for the Nation to enlarge its capacity to promote the peaceful resolution of international conflicts; and

(9) the establishment of such an institute is an appropriate investment by the people of this Nation to advance the history, science, art, and practice of international peace and the resolution of conflicts among nations without the use of violence.

(b) It is the purpose of this title to establish an independent, nonprofit, national institute to serve the people and the Government through the widest possible range of education and training, basic and applied research opportunities, and peace information services on the means to promote international peace and the resolution of conflicts among the nations and peoples of the world without recourse to violence.

DEFINITIONS

SEC. 1703. As used in this title, the term—

(1) "Institute" means the United States Institute of Peace established by this title; and

(2) "Board" means the Board of Directors of the Institute.

ESTABLISHMENT OF THE INSTITUTE

SEC. 1704. (a) There is hereby established the United States Institute of Peace.

(b) The Institute is an independent nonprofit corporation and an organization described in section 170(c)(2)(B) of the Internal Revenue Code of 1954. The Institute does not have the power to issue any shares of stock or to declare or pay any dividends.

(c) As determined by the Board, the Institute may establish, under the laws of the District of Columbia, a legal entity which is capable of receiving, holding, and investing public funds for purposes in furtherance of the Institute under this title. The Institute may designate such legal entity as the "Endowment of the United States Institute for Peace".

(d) The Institute is liable for the acts of its directors, officers, employees, and agents when acting within the scope of their authority.

(e)(1) The Institute has the sole and exclusive right to use and to allow or refuse others the use of the terms "United States Institute of Peace", "Jennings Randolph Program for International Peace", and "Endowment of the United States Institute of Peace" and the use of any official United States Institute of Peace emblem, badge, seal, and other mark of recognition or any colorable simulation thereof. No powers or privileges hereby granted shall interfere or conflict with established or vested rights secured as of September 1, 1981.

(2) Notwithstanding any other provision of this title, the Institute may use "United States" or "U.S." or any other reference to the United States Government or Nation in its title or in its corporate seal, emblem, badge, or other mark of recognition or colorable simu-

tation thereof in any fiscal year only if there is an authorization of appropriations for the Institute for such fiscal year provided by law.

POWERS AND DUTIES

SEC. 1705. (a) The Institute may exercise the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act consistent with this title, except for section 5(o) of the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29-1005(o)).

(b) The Institute, acting through the Board, may—

(1) establish a Jennings Randolph Program for International Peace and appoint, for periods up to two years, scholars and leaders in peace from the United States and abroad to pursue scholarly inquiry and other appropriate forms of communication on international peace and conflict resolution and, as appropriate, provide stipends, grants, fellowships, and other support to the leaders and scholars;

(2) enter into formal and informal relationships with other institutions, public and private, for purposes not inconsistent with this title;

(3) conduct research and make studies, particularly of an interdisciplinary or of a multidisciplinary nature, into the causes of war and other international conflicts and the elements of peace among the nations and peoples of the world, including peace theories, methods, techniques, programs, and systems, and into the experiences of the United States and other nations in resolving conflicts with justice and dignity and without violence as they pertain to the advancement of international peace and conflict resolution, placing particular emphasis on realistic approaches to past successes and failures in the quest for peace and arms control and utilizing to the maximum extent possible United States Government documents and classified materials from the Department of State, the Department of Defense, the Arms Control and Disarmament Agency, and the intelligence community;

(4) develop programs to make international peace and conflict resolution research, education, and training more available and useful to persons in government, private enterprise, and voluntary associations, including the creation of handbooks and other practical materials;

(5) provide, promote, and support peace education and research programs at graduate and postgraduate levels;

(6) conduct training, symposia, and continuing education programs for practitioners, policymakers, policy implementers, and citizens and noncitizens directed to developing their skills in international peace and conflict resolution;

(7) develop, for publication or other public communication, and disseminate, the carefully selected products of the Institute;

(8) establish a clearinghouse and other means for disseminating information, including classified information that is properly safeguarded, from the field of peace learning to the public and to government personnel with appropriate security clearances;

(9) recommend to the Congress the establishment of a United States Medal of Peace to be awarded under such procedures as the Congress may determine, except that no person associated with the Institute may receive the United States Medal of Peace; and

(10) secure directly, upon request of the president of the Institute to the head of any Federal department or agency and in accordance with section 552 of title 5, United States Code (relating to freedom of information), information necessary to enable the Institute to carry out the purposes of this title if such release of the information would not unduly interfere with the proper functioning of a department or agency, including classified information if the Institute staff and members of the Board who have access to such classified information obtain appropriate security clearances from the Department of Defense and the Department of State.

(c) The Institute may undertake extension and outreach activities under this title by making grants and entering into contracts with institutions of postsecondary, community, secondary, and elementary education (including combinations of such institutions), with public and private educational, training, or research institutions (including the American Federation of Labor—the Congress of Industrial Organizations) and libraries, and with public departments and agencies (including State and territorial departments of education and of commerce). No grant may be made to an institution unless it is a nonprofit or official public institution, and at least one-fourth of the Institute's annual appropriations shall be paid to such nonprofit and official public institutions. A grant or contract may be made to—

(1) initiate, strengthen, and support basic and applied research on international peace and conflict resolution;

(2) promote and advance the study of international peace and conflict resolution by educational, training, and research institutions, departments, and agencies;

(3) educate the Nation about and educate and train individuals in peace and conflict resolution theories, methods, techniques, programs, and systems;

(4) assist the Institute in its publication, clearinghouse, and other information services programs;

(5) assist the Institute in the study of conflict resolution between free trade unions and Communist-dominated organizations in the context of the global struggle for the protection of human rights; and

(6) promote the other purposes of this title.

(d) The Institute may respond to the request of a department or agency of the United States Government to investigate, examine, study, and report on any issue within the Institute's competence, including the study of past negotiating histories and the use of classified materials.

(e) The Institute may enter into contracts for the proper operation of the Institute.

(f) The Institute may fix the duties of its officers, employees, and agents, and establish such advisory committees, councils, or other

bodies, as the efficient administration of the business and purposes of the Institute may require.

(g)(1) Except as provided in paragraphs (2) and (3), the Institute may obtain grants and contracts, including contracts for classified research for the Department of State, the Department of Defense, the Arms Control and Disarmament Agency, and the intelligence community, and receive gifts and contributions from government at all levels.

(2) The Institute may not accept any gift, contribution, or grant from, or enter into any contract with, a foreign government, any agency or instrumentality of such government, any international organization, or any foreign national, except that the Institute may accept the payment of tuition by foreign nationals for instruction provided by the Institute. For purposes of this paragraph, the term—

(A) "foreign national" means—

(i) a natural person who is a citizen of a foreign country or who owes permanent allegiance to a foreign country; and

(ii) a corporation or other legal entity in which natural persons who are nationals of a foreign country own, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such legal entity; and

(B) "person" means a natural person, partnership, association, other unincorporated body, or corporation.

(3) Notwithstanding any other provision of this title, the Institute and the legal entity described in section 1704(c) may not obtain any grant or contract or receive any gift or contribution from any private agency, organization, corporation or other legal entity, institution, or individual.

(h) The Institute may charge and collect subscription fees and develop, for publication or other public communication, and disseminate, periodicals and other materials.

(i) The Institute may charge and collect fees and other participation costs from persons and institutions participating in the Institute's direct activities authorized in subsection (b).

(j) The Institute may sue and be sued, complain, and defend in any court of competent jurisdiction.

(k) The Institute may adopt, alter, use, and display a corporate seal, emblem, badge, and other mark of recognition and colorable simulations thereof.

(l) The Institute may do any and all lawful acts and things necessary or desirable to carry out the objectives and purposes of this title.

(m) The Institute shall not itself undertake to influence the passage or defeat of any legislation by the Congress of the United States or by any State or local legislative bodies, or by the United Nations, except that personnel of the Institute may testify or make other appropriate communication when formally requested to do so by a legislative body, a committee, or a member thereof.

(n) The Institute may obtain administrative support services from the Administrator of General Services on a reimbursable basis.

BOARD OF DIRECTORS

SEC. 1706. (a) The powers of the Institute shall be vested in a Board of Directors unless otherwise specified in this title.

(b) The Board shall consist of fifteen voting members as follows:

(1) The Secretary of State (or if the Secretary so designates, another officer of the Department of State who was appointed with the advice and consent of the Senate).

(2) The Secretary of Defense (or if the Secretary so designates, another officer of the Department of Defense who was appointed with the advice and consent of the Senate).

(3) The Director of the Arms Control and Disarmament Agency (or if the Director so designates, another officer of that Agency who was appointed with the advice and consent of the Senate).

(4) The president of the National Defense University (or if the president so designates, the vice president of the National Defense University).

(5) Eleven individuals appointed by the President, by and with the advice and consent of the Senate.

(c) Not more than eight voting members of the Board (including members described in paragraphs (1) through (4) of subsection (b)) may be members of the same political party.

(d)(1) Each individual appointed to the Board under subsection (b)(5) shall have appropriate practical or academic experience in peace and conflict resolution efforts of the United States.

(2) Officers and employees of the United States Government may not be appointed to the Board under subsection (b)(5).

(e)(1) Members of the Board appointed under subsection (b)(5) shall be appointed to four year terms, except that—

(A) the term of six of the members initially appointed shall be two years, as designated by the President at the time of their nomination;

(B) a member may continue to serve until his or her successor is appointed; and

(C) a member appointed to replace a member whose term has not expired shall be appointed to serve the remainder of that term.

(2) The terms of the members of the Board initially appointed under subsection (b)(5) shall begin on January 20, 1985, and subsequent terms shall begin upon the expiration of the preceding term, regardless of when a member is appointed to fill that term.

(3) The President may not nominate an individual for appointment to the Board under subsection (b)(5) prior to January 20, 1985, but shall submit the names of eleven nominees for initial Board membership under subsection (b)(5) not later than ninety days after that date. If the Senate rejects such a nomination or if such a nomination is withdrawn, the President shall submit the name of a new nominee within fifteen days.

(4) An individual appointed as a member of the Board under subsection (b)(5) may not be appointed to more than two terms on the Board.

(f) A member of the Board appointed under subsection (b)(5) may be removed by the President—

(1) in consultation with the Board, for conviction of a felony, malfeasance in office, persistent neglect of duties, or inability to discharge duties;

(2) upon the recommendation of eight voting members of the Board; or

(3) upon the recommendation of a majority of the members of the Committee on Foreign Affairs and the Committee on Education and Labor of the House of Representatives and a majority of the members of the Committee on Foreign Relations and the Committee on Labor and Human Resources of the Senate.

A recommendation made in accordance with paragraph (2) may be made only pursuant to action taken at a meeting of the Board, which may be closed pursuant to the procedures of subsection (h)(3). Only members who are present may vote. A record of the vote shall be maintained. The President shall be informed immediately by the Board of the recommendation.

(g) No member of the Board may participate in any decision, action, or recommendation with respect to any matter which directly and financially benefits the member or pertains specifically to any public body or any private or nonprofit firm or organization with which the member is then formally associated or has been formally associated within a period of two years, except that this subsection shall not be construed to prohibit an ex officio member of the Board from participation in actions of the Board which pertain specifically to the public body of which that member is an officer.

(h) Meetings of the Board shall be conducted as follows:

(1) The President shall stipulate by name the nominee who shall be the first Chairman of the Board. The first Chairman shall serve for a term of three years. Thereafter, the Board shall elect a Chairman every three years from among the directors appointed by the President under subsection (b)(5) and may elect a Vice Chairman if so provided by the Institute's bylaws.

(2) The Board shall meet at least semiannually, at any time pursuant to the call of the Chairman or as requested in writing to the Chairman by at least five members of the Board. A majority of the members of the Board shall constitute a quorum for any Board meeting.

(3) All meetings of the Board shall be open to public observation and shall be preceded by reasonable public notice. Notice in the Federal Register shall be deemed to be reasonable public notice for purposes of the preceding sentence. In exceptional circumstances, the Board may close those portions of a meeting, upon a majority vote of its members present and with the vote taken in public session, which are likely to disclose information likely to affect adversely any ongoing peace proceeding or activity or to disclose information or matters exempted from public disclosure pursuant to subsection (c) of section 552b of title 5, United States Code.

(i) A director appointed by the President under subsection (b)(5) shall be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code, for each day during

which the director is engaged in the performance of duties as a member of the Board.

(j) While away from his home or regular place of business in the performance of duties for the Institute, a director shall be allowed travel expenses, including a per diem in lieu of subsistence, not to exceed the expenses allowed persons employed intermittently in Government service under section 5703(b) of title 5, United States Code.

OFFICERS AND EMPLOYEES

SEC. 1707. (a) The Board shall appoint the president of the Institute and such other officers as the Board determines to be necessary. The president of the Institute shall be a nonvoting ex officio member of the Board. All officers shall serve at the pleasure of the Board. The president shall be appointed for an explicit term of years. Notwithstanding any other provision of law limiting the payment of compensation, the president and other officers appointed by the Board shall be compensated at rates determined by the Board, but no greater than that payable for level I of the Executive Schedule under chapter 53 of title 5, United States Code.

(b) Subject to the provisions of section 1705(g)(3), the Board shall authorize the president and any other officials or employees it designates to receive and disburse public moneys, obtain and make grants, enter into contracts, establish and collect fees, and undertake all other activities necessary for the efficient and proper functioning of the Institute.

(c) The president, subject to Institute's bylaws and general policies established by the Board, may appoint, fix the compensation of, and remove such employees of the Institute as the president determines necessary to carry out the purposes of the Institute. In determining employee rates of compensation, the president shall be governed by the provisions of title 5, United States Code, relating to classification and General Schedule pay rates.

(d)(1) The president may request the assignment of any Federal officer or employee to the Institute by an appropriate department, agency, or congressional official or Member of Congress and may enter into an agreement for such assignment, if the affected officer or employee agrees to such assignment and such assignment causes no prejudice to the salary, benefits, status, or advancement within the department, agency, or congressional staff of such officer or employee.

(2) The Secretary of State, the Secretary of Defense, the Director of the Arms Control and Disarmament Agency, and the Director of Central Intelligence each may assign officers and employees of his respective department or agency, on a rotating basis to be determined by the Board, to the Institute if the affected officer or employee agrees to such assignment and such assignment causes no prejudice to the salary, benefits, status, or advancement within the respective department or agency of such officer or employee.

(e) No officer or full-time employee of the Institute may receive any salary or other compensation for services from any source other than the Institute during the officer's or employee's period of employment by the Institute, except as authorized by the Board.

(f)(1) Officers and employees of the Institute shall not be considered officers and employees of the Federal Government except for purposes of the provisions of title 28, United States Code, which relate to Federal tort claims liability, and the provisions of title 5, United States Code, which relate to compensation and benefits, including the following provisions: chapter 51 (relating to classification); subchapters I and III of chapter 53 (relating to pay rates); subchapter I of chapter 81 (relating to compensation for work injuries); chapter 83 (relating to civil service retirement); chapter 87 (relating to life insurance); and chapter 89 (relating to health insurance). The Institute shall make contributions at the same rates applicable to agencies of the Federal Government under the provisions of title 5 referred to in this section.

(2) No Federal funds shall be used to pay for private fringe benefit programs. The Institute shall not make long-term commitments to employees that are inconsistent with rules and regulations applicable to Federal employees.

(g) No part of the financial resources, income, or assets of the Institute or of any legal entity created by the Institute shall inure to any agent, employee, officer, or director or be distributable to any such person during the life of the corporation or upon dissolution or final liquidation. Nothing in this section may be construed to prevent the payment of reasonable compensation for services or expenses to the directors, officers, employees, and agents of the Institute in amounts approved in accordance with the provisions of this title.

(h) The Institute shall not make loans to its directors, officers, employees, or agents, or to any legal entity created by the Institute. A director, officer, employee, or agent who votes for or assents to the making of a loan or who participates in the making of a loan shall be jointly and severally liable to the Institute for the amount of the loan until repayment thereof.

PROCEDURES AND RECORDS

SEC. 1708. (a) The Institute shall monitor and evaluate and provide for independent evaluation if necessary of programs supported in whole or in part under this title to ensure that the provisions of this title and the bylaws, rules, regulations, and guidelines promulgated pursuant to this title are adhered to.

(b) The Institute shall prescribe procedures to ensure that grants, contracts, and financial support under this title are not suspended unless the grantee, contractor, or person or entity receiving financial support has been given reasonable notice and opportunity to show cause why the action should not be taken.

(c) In selecting persons to participate in Institute activities, the Institute may consider a person's practical experience or equivalency in peace study and activity as well as other formal requirements.

(d) The Institute shall keep correct and complete books and records of account, including separate and distinct accounts of receipts and disbursements of Federal funds. The Institute's annual financial report shall identify the use of such funding and shall present a clear description of the full financial situation of the Institute.

(e) The Institute shall keep minutes of the proceedings of its Board and of any committees having authority under the Board.

(f) The Institute shall keep a record of the names and addresses of its Board members; copies of this title, of any other Acts relating to the Institute, and of all Institute bylaws, rules, regulations, and guidelines; required minutes of proceedings; a record of all applications and proposals and issued or received contracts and grants; and financial records of the Institute. All items required by this subsection may be inspected by any Board member or the member's agent or attorney for any proper purpose at any reasonable time.

(g) The accounts of the Institute shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States on or before December 31, 1970. The audit shall be conducted at the place or places where the accounts of the Institute are normally kept. All books, accounts, financial records, files, and other papers, things, and property belonging to or in use by the Institute and necessary to facilitate the audit shall be made available to the person or persons conducting the audit, and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

(h) The Institute shall provide a report of the audit to the President and to each House of Congress no later than six months following the close of the fiscal year for which the audit is made. The report shall set forth the scope of the audit and include such statements, together with the independent auditor's opinion of those statements, as are necessary to present fairly the Institute's assets and liabilities, surplus or deficit, with reasonable detail, including a statement of the Institute's income and expenses during the year, including a schedule of all contracts and grants requiring payments in excess of $5,000 and any payments of compensation, salaries, or fees at a rate in excess of $5,000 per year. The report shall be produced in sufficient copies for the public.

(i) The Institute and its directors, officers, employees, and agents shall be subject to the provisions of section 552 of title 5, United States Code (relating to freedom of information).

INDEPENDENCE AND LIMITATIONS

SEC. 1709. (a) Nothing in this title may be construed as limiting the authority of the Office of Management and Budget to review and submit comments on the Institute's budget request at the time it is transmitted to the Congress.

(b) No political test or political qualification may be used in selecting, appointing, promoting, or taking any other personnel action with respect to any officer, employee, agent, or recipient of Institute funds or services or in selecting or monitoring any grantee, contractor, person, or entity receiving financial assistance under this title.

FUNDING

SEC. 1710. (a) For the purpose of carrying out this title (except for paragraph (9) of section 1705(b)), there are authorized to be appropri-

ated $6,000,000 for the fiscal year 1985 and $10,000,000 for the fiscal year 1986. Monies appropriated for the fiscal year 1985 shall remain available to the Institute through the fiscal year 1986.

(b) The Board of Directors may transfer to the legal entity authorized to be established under section 1704(c) any funds not obligated or expended from appropriations to the Institute for a fiscal year, and such funds shall remain available for obligation or expenditure for the purposes of such legal entity without regard to fiscal year limitations. Any use by such legal entity of appropriated funds shall be reported to each House of the Congress and to the President of the United States.

(c) Any authority provided by this title to enter into contracts shall be effective for a fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

DISSOLUTION OR LIQUIDATION

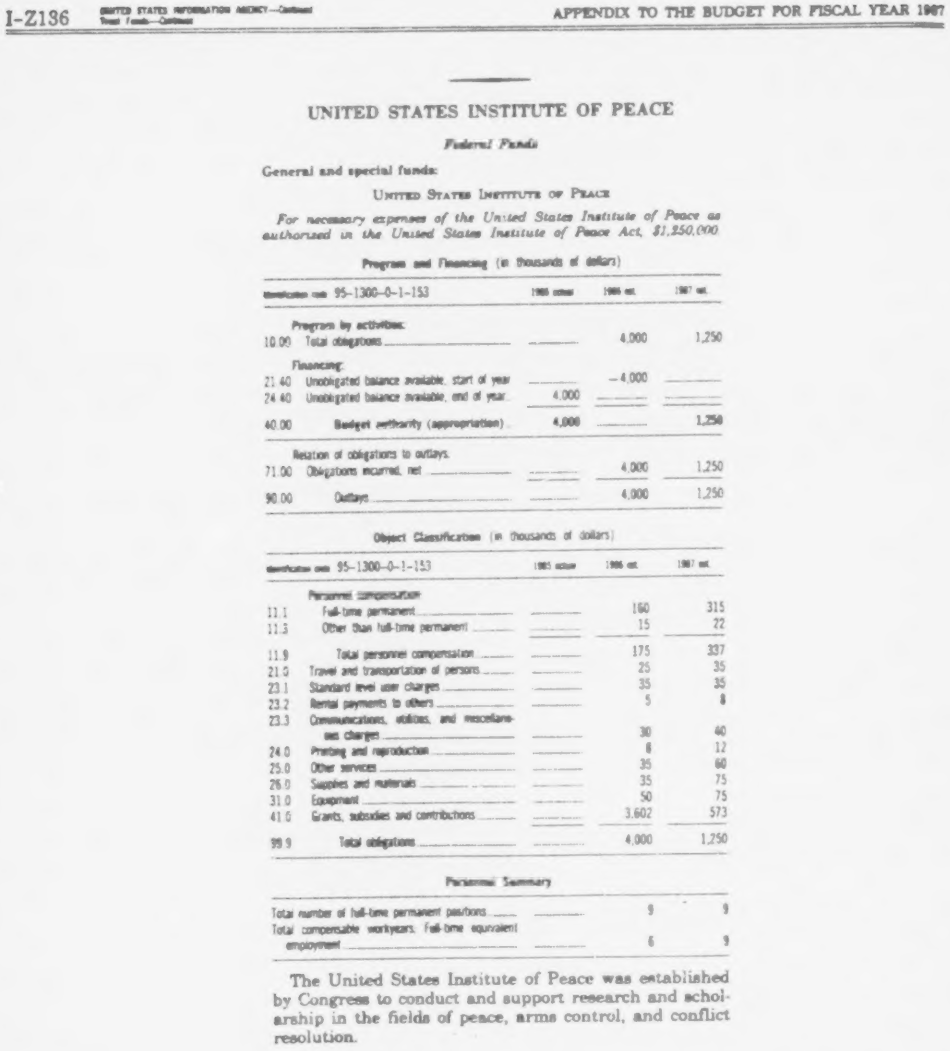
SEC. 1711. Upon dissolution or final liquidation of the Institute or of any legal entity created pursuant to this title, all income and assets of the Institute or other legal entity shall revert to the United States Treasury.

REPORTING REQUIREMENT AND REQUIREMENT TO HOLD HEARINGS

SEC. 1712. Beginning two years after the date of enactment of this title, and at intervals of two years thereafter, the Chairman of the Board shall prepare and transmit to the Congress and the President a report detailing the progress the Institute has made in carrying out the purposes of this title during the preceding two-year period. The President shall prepare and transmit to the Congress within a reasonable time after the receipt of such report the written comments and recommendations of the appropriate agencies of the United States with respect to the contents of such report and their recommendations with respect to any legislation which may be required concerning the Institute. After receipt of such report by the Congress, the Committee on Foreign Affairs and the Committee on Education and Labor of the House of Representatives and the Committee on Foreign Relations and the Committee on Labor and Human Resources of the Senate shall hold hearings to review the findings and recommendations of such report and the written comments received from the President.

Annex B

ADMINISTRATION BUDGET PROPOSAL



I-Z136 UNITED STATES INFORMATION AGENCY—Continued
Trust Funds—Continued

APPENDIX TO THE BUDGET FOR FISCAL YEAR 1987

UNITED STATES INSTITUTE OF PEACE

Federal Funds

General and special funds:

UNITED STATES INSTITUTE OF PEACE

For necessary expenses of the United States Institute of Peace as authorized in the United States Institute of Peace Act, $1,250,000

Program and Financing (in thousands of dollars)

Identification code 95-1300-0-1-153	1985 actual	1986 est.	1987 est.
Program by activities:			
10.00 Total obligations	—	4,000	1,250
Financing:			
21.40 Unobligated balance available, start of year	—	−4,000	—
24.40 Unobligated balance available, end of year	4,000	—	—
40.00 **Budget authority (appropriation)**	**4,000**	—	**1,250**
Relation of obligations to outlays:			
71.00 Obligations incurred, net	—	4,000	1,250
90.00 Outlays	—	4,000	1,250

Object Classification (in thousands of dollars)

Identification code 95-1300-0-1-153	1985 actual	1986 est.	1987 est.
Personnel compensation:			
11.1 Full-time permanent	—	160	315
11.3 Other than full-time permanent	—	15	22
11.9 Total personnel compensation	—	175	337
21.0 Travel and transportation of persons	—	25	35
23.1 Standard level user charges	—	35	35
23.2 Rental payments to others	—	5	8
23.3 Communications, utilities, and miscellaneous charges	—	30	40
24.0 Printing and reproduction	—	8	12
25.0 Other services	—	35	60
26.0 Supplies and materials	—	35	75
31.0 Equipment	—	50	75
41.0 Grants, subsidies and contributions	—	3,602	573
99.9 Total obligations	—	4,000	1,250

Personnel Summary

Total number of full-time permanent positions	—	9	9
Total compensable workyears: Full-time equivalent employment	—	6	9

The United States Institute of Peace was established by Congress to conduct and support research and scholarship in the fields of peace, arms control, and conflict resolution.

Biographies of Witnesses

JOHN NORTON MOORE
CHAIRMAN, BOARD OF DIRECTORS
UNITED STATES INSTITUTE OF PEACE

John Norton Moore is Walter L. Brown Professor of Law at the University of Virginia School of Law and has been actively involved in public service. From 1973 to 1976, he was Chairman of the National Security Council Interagency Task Force on the Law of the Sea and Deputy Special Representative of the President to the Third United Nations Conference on the Law of the Sea with rank of Ambassador. He has also been Counselor on International Law to the Department of State and has served as a member of the United States Delegations to the U.N. General Assembly and the Conference on Security and Cooperation in Europe. He is the author of several books and numerous articles in professional journals.

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Robert F. Turner
President
United States Institute of Peace

Robert F. Turner left the Army as a Captain in 1971, after service in Vietnam. He worked for five years as principal national security legislative assistant to a member of the Senate Committee on Foreign Relations and has served in various positions in the Executive branch--including Counsel to the President's Intelligence Oversight Board at the White House and Principal Deputy Assistant Secretary of State for Legislative and Intergovernmental Affairs. He was a Research Associate and Public Affairs Fellow at the Hoover Institution on War, Revolution and Peace at Stanford University and Associate Director and a Senior Fellow at the Center for Law and National Security at the University of Virginia School of Law. He is the author of several books and monographs and is serving his third term as Chairman of the Committee on Executive-Congressional Relations of the American Bar Association's Section of International Law and Practice.

OBJECTIVES

Mr. **Natcher**. Thank you, Dr. Moore.

As you mentioned in your statement, this is the Institute's first appearance before a Congressional committee. Briefly, Dr. Moore, what are the main things that you want the Institute to accomplish during the next year?

Mr. **Moore**. Mr. Chairman, I think that would be a number of different objectives. The first of those would be to complete our organizational work, and to establish a very sound organization, a very sound budgeting process, a sound series of procedures for giving grants—to, in short, get our staff on board and to get the institution up and running in a very careful manner.

And when we look to the programs, to begin a strong and vigorous program in the area, first, of research proposals, grants that would be made for outside proposals that would come to the United States Institute of Peace, and some research work that would be done in-house by the staff and the fellows of the Institute of Peace.

So, the first of these is an area that is encouraging, and enhancing research, fundamental research, in dealing with peace processes and the full range of intellectual issues in conflict management.

A second objective would be to seek to begin a very useful program of public education in dealing with peace processes. The first item that we have discussed in the Board, that we may be able to get under way quickly and easily, along those lines, might be an essay contest for high school and college level to encourage discussion and thought about peace processes.

Finally, we would like to engage in information sharing, begin to ascertain really what is the intellectual map of the field out there in terms of peace processes. What are the institutions around the world that are engaged in useful work in this area?

How do we begin to assess very carefully where the gaps are, where research and funding will be particularly helpful in trying to put together this kind of intellectual map of the field?

We want, as a Board, to be absolutely certain that we are not spending public monies to reinvent the wheel, and part of our initial effort, one of the studies that the Board has already approved, that will be begun by one of the Board members, is a careful survey of what has been done, what is being done, what the roles of other institutions are, and the kinds of areas that we believe research will be most productive in.

Those would be, Mr. Chairman, just a brief outline of some of the principal areas that we would like to start, but I would say that we hope that this Institute will have a very long and distinguished history in American history, and we want to get it off to a very sound and careful beginning in terms of the care with which the organizational groundwork is laid, while at the same time, beginning a very active program in the three areas of the Institute Act.

NONPROFIT CORPORATION

Mr. **Natcher**. Dr. Moore, as we understand now, the Institute was created as a private, nonprofit Corporation under the laws of the District of Columbia, and it is not a Federal agency. I believe that is correct?

Mr. **Moore**. That is correct. The language from the Act is clear. This institute is an independent agency.

Mr. **Natcher**. Would you say that the Institute is somewhat similar to other Federally-funded entities such as the Corporation for Public Broadcasting, along the same lines?

Mr. **Moore**. Mr. Chairman, I think that is a good analogy. I would have to look at it carefully to know how precise it is. It is an independent, Federally-funded agency.

BOARD OF DIRECTORS

Mr. **Natcher**. You have a 15-member Board of Directors, I believe. How many have been confirmed by the Senate and are presently serving?

Mr. **Moore**. All but two of the members have been confirmed by the Senate and are serving at the present time. One additional member has been nominated by the President at this point. He is Morris Leibman. His nomination is currently pending before the Senate.

There is a final position on the Board at this point for which no one has yet been named.

Mr. **Natcher**. How long is a Board member's term?

Mr. **Moore**. The Board members have staggered terms. Half have an initial term of two years, and half of the Board have an initial term of four years. Given the one-year time hiatus between the original Act and the nomination and confirmation of the original Board, on the first Board actually half will serve one year, and half will serve three years.

Mr. **Natcher**. How is the chairman selected?

Mr. **Moore**. The first Chairman of the Board is selected by the President, and subsequent to that, the Chairman will be selected by the Board itself.

Mr. **Natcher**. How often will the Board meet?

Mr. **Moore**. The Board is required by law to meet at least twice a year or, otherwise, at the call of the Chairman.

We have begun a very active program because of the magnitude of the organizational and other tasks before us, and we are meeting approximately once per month. We anticipate that we will be engaged in that very active schedule for at least the first year.

Mr. **Natcher**. For the record, provide a short biographical sketch of each Board member, and show the expiration date of each member's term, and place that in the record for us, please.

[The information follows:]

DIRECTORS OF THE UNITED STATES INSTITUTE OF PEACE
(APRIL 22, 1986)

Members appointed by the President (terms in office are indicated parenthetically and, pursuant to Section 1706(e)(2) of the United States Institute of Peace Act, began on January 20, 1985):

Prof. John Norton Moore, Chairman (January 20, 1989)

Dr. Dennis L. Bark (January 20, 1989)

Dr. William R. Kintner (January 20, 1987)

Dr. Evron M. Kirkpatrick (January 20, 1989)

Reverend Sidney Lovett (January 20, 1987)

Pastor Richard John Neuhaus (January 20, 1987)

Dr. W. Scott Thompson (January 20, 1989)

Bruce Weinrod, Esq. (January 20, 1987)

Dr. Allen Weinstein (January 20, 1989)

Ex officio members:

Ambassador Kenneth L. Adelman, Director, Arms Control and Disarmament Agency

Ambassador Max M. Kampelman, Head of the United States Delegation, Negotations on Nuclear and Space Arms (designated by the Secretary of State)

Lieutenant General Richard D. Lawrence, President, National Defense University

Honorable Richard N. Perle, Assistant Secretary of Defense for International Security Policy (designated by the Secretary of Defense)

Section 1707(a) of the United States Institute of Peace Act provides that the President of the Institute is also a "nonvoting ex officio member of the Board." Robert F. Turner is the first President of the Institute, serving for a term of one year.

Biographical information on the Board of Directors is attached.

January 1986

KENNETH L. ADELMAN
Director
U.S. Arms Control and Disarmament Agency

Kenneth L. Adelman was nominated by President Reagan in January 1983 to be Director of the U.S. Arms Control and Disarmament Agency. As Director, he is principal advisor to the President on arms control issues and is responsible for preparing and backstopping the American position in arms control talks.

Ambassador Adelman has spent more than a decade in Federal service, primarily in foreign and defense policy positions:

- o 1981 to 1983: Deputy U.S. Permanent Representative to the United Nations, (with the rank of Ambassador Extraordinary and Plenipotentiary). Number two to Ambassador Jeane Kirkpatrick, and headed the U.S. delegation to the Second Special Session on Disarmament;
- o 1976 to 1977: Assistant to the Secretary of Defense;
- o 1975 to 1976: Agency for International Development (AID);
- o 1970 to 1972: Office of Economic Opportunity (the poverty program); and,
- o 1968 to 1970: Department of Commerce.

Outside the government -- between 1977 and 1981 -- Ambassador Adelman taught Shakespeare at Georgetown University, African studies at Catholic University, and was a member of the Strategic Studies Center at SRI International (Stanford Research Institute). He wrote extensively in such publications as Foreign Affairs, Harper's, The New Republic, The New York Times, The Washington Post, and The Wall Street Journal.

From 1972 to 1975, he lived in Africa (Kinshasa, Zaire) where he conducted research, translated for the Ali-Foreman championship heavyweight fight, and participated in the three-month River Expedition on the 100th anniversary of Stanley's trip down the Congo River. He became an ardent collector of and expert on African art.

Ambassador Adelman received his doctorate in political theory from Georgetown University (1975), his Masters in Foreign Service Studies from Georgetown (1969), and his Bachelor's degree in philosophy and religion from Grinnell College (1967).

He was born on June 9, 1946 in Chicago, Illinois and is married to the former Carol Craigle. They reside in Arlington, Virginia with their two daughters, Jessica (10) and Jocelyn (8).

HOOVER INSTITUTION
ON WAR, REVOLUTION AND PEACE
Stanford, California 94305-2323

DENNIS LAISTNER BARK

Dennis Laistner Bark, Associate Director and Senior Fellow of the Hoover Institution at Stanford University, is a political scientist and historian in the field of West European studies who has lectured and written extensively on foreign affairs and relations between Western Europe and the United States, with special emphasis on Berlin and Germany.

Dr. Bark received an A.B. degree in History from Stanford University in 1964 and a Ph.D. degree in Modern European History and Political Science, "summa cum laude", from the Free University of Berlin in 1970. He was also educated at the American Institute for Foreign Trade, 1965-66. During 1966-68, he was an H. B. Earhart Fellow; in 1968-70 a Fellow of the Alexander von Humboldt-Stiftung; and in 1970-72, a National Fellow at the Hoover Institution. Dr. Bark was a Woodrow Wilson Fellow at the Woodrow Wilson International Center for Scholars in Washington, D.C. during 1974.

In 1972 he joined the staff of the Hoover Institution as Assistant to the Director and Research Fellow. In 1973 he became Executive Secretary of the National, Peace, and Public Affairs Fellows Program, a position he held until 1984. He was appointed Assistant Director and Senior Research Fellow in 1976 and Associate Director in 1978. Dr. Bark became a Senior Fellow and Deputy Director in 1981, and resigned this latter position in August 1983 as a consequence of illness. As a Senior Fellow and Associate Director of the Hoover Institution Dr. Bark conducts his own research on international relations and directs the Institution's program in National Security Affairs.

The author of Die Berlin-Frage 1949-1955 (Walter de Gruyter, 1972) and Agreement on Berlin: A Study of the 1970-72 Quadripartite Negotiations (American Enterprise Institute-Hoover Institution, 1974); Editor of To Promote Peace: U.S. Foreign Policy in the Mid-1980s (Hoover Institution Press, 1984). Dr. Bark has written articles on foreign relations for both American and European journals. Since 1972, he has been the Associate Editor for Western Europe of the Yearbook on International Communist Affairs. During 1979-80 he directed "The 1980s Project," whose principal volume, The United States in the 1980s, was published by the Hoover Institution Press in 1980.

In the 1980 national election campaign, Dr. Bark was a Foreign Policy Adviser and a member of former Governor Reagan's Task Force on Western Europe. He is a member of the President's Commission on White House Fellowships, and served as Chairman, United States Coast Guard Academy Advisory Committee from 1981 to 1984. He is a Corresponding Member of the Berlin Wissenschaftliche Gesellschaft, and is a member of the Mont Pelerin Society. He is also a member of the Advisory Board of Chronicle Information Services, a Director of Parrott Ranch Company, and Chairman of the Board of Trustees, Earhart Foundation.

MAX M. KAMPELMAN

BIOGRAPHICAL SUMMARY

Max M. Kampelman, a lawyer, diplomat and educator, now serves as Ambassador and Head of the United States Delegation to the current negotiations on nuclear and space arms in Geneva. A partner, until his retirement in 1985, in the law firm of Fried, Frank, Harris, Shriver & Kampelman, he has lived and worked in Washington since 1949. He has had an active career in the law, government service, education and public affairs.

In addition to his current diplomatic assignment, he serves by Presidential appointment as a member of the Board of Directors of the recently created United States Institute of Peace; and as a Trustee of the Woodrow Wilson International Center for Scholars, which he previously served as Chairman. He was appointed by President Carter and reappointed by President Reagan to serve as Ambassador and Head of the U.S. Delegation to the Conference on Security and Cooperation in Europe, which took place in Madrid from 1980 to 1983. He previously was a Senior Advisor to the U.S. Delegation to the United Nations and served as Legislative Counsel to U.S. Senator Hubert H. Humphrey.

An educator, he received his J.D. from New York University and his Ph.D. in Political Science from the University of Minnesota, where he taught from 1946 to 1948. He has also served on the faculties of Bennington College, Claremont College, the University of Wisconsin, and Howard University. He continues to lecture frequently here and abroad and has written extensively in scholarly and public affairs journals. He has served on the governing boards of Georgetown University, the Hebrew University of Jerusalem, Haifa University, the University of Tel Aviv, New York University School of Law, Mt. Vernon College, and the College of the Virgin Islands. He has received honorary Doctorate degrees from Georgetwon University, the Hebrew University of Jerusalem and Hebrew Union College.

Ambassador Kampelman was the founder and moderator of the public affairs program on public television, "Washington Week in Review." He served as chairman of the Washington public broadcasting radio and television stations from 1963 to 1970.

He served, until his present diplomatic assignment, as Chairman of Freedom House, Vice Chairman of the Coalition for a Democratic Majority, on the Executive Committee of the Committee on the Present Danger, Honorary Vice Chairman of the Anti-Defamation League, Chairman of the National Advisory Committee of the American Jewish Committee, and Vice President of the Jewish Publication Society.

January 1986

KINTNER, WILLIAM ROSCOE, political science educator; b. Lock Haven, Pa., Apr. 21, 1915; s. Joseph Jennings and Florence (Kendig) K.; m. Xandree M. Hyatt, June 15, 1940; children: Kay Kintner Asip, Jane Kintner Hogan, Gail Kintner Markou, Carl H. B.S., U.S. Mil. Acad., 1940; Ph.D., Georgetown U., 1949. Commd. 2d lt. U.S. Army, 1940, advanced through grades to col., 1956; inf. bn. co., Korean War; mem. sr. staff CIA, 1950-52; mem. planning staff NSC, 1954; mem. staff spl. asst. to Pres., 1955; cons. Pres.'s Com. to study U.S. Assistance Program (Draper Com.), 1959; chief long-range plans strategic analysis sect. Coordination Group, Chief of Staff, U.S. Army, 1959-61; ret., 1961; prof. polit. sci. Wharton Sch., U. Pa., Phila., 1961—; dep. dir. Fgn. Policy Research Inst., Phila., 1961-69, dir., 1969-73, pres., 1976; Am. ambassador to Thailand, 1973-75; cons. Dept. Def., NSC, Stanford Research Inst.; fellow Hudson Inst.; sr. adviser Ops. Research Office, Johns Hopkins U., 1956-57; mem. acad. bd. Inter-Am. Def. Coll., 1967-72; mem. Bd. Fgn. Scholarships, 1970-73; civilian faculty adv. com. Nat. War Coll., 1970-72. Author: The Front is Everywhere, 1950, (with George C. Reinhardt) Atomic Weapons in Land Combat, 1953, The Haphazard Years, 1960, (with others) Forging a New Sword, 1958, Protracted Conflict, 1959, A Forward Strategy for America, 1961, Building the Atlantic World, 1963, (with Joseph Z. Kornfeder) The New Frontier of War, 1962, Peace and the Strategy Conflict, 1967, (with Harriet Fast Scott) The Nuclear Revolution in Soviet Military Affairs, 1969, (with Wolfgang Klaiber) Eastern Europe and European Security, 1971, (with Harvey Sicherman) Technology and International Politics, 1975, (with John F. Copper) A Matter of Two Chinas: The China-Taiwan Issue in U.S. Foreign Policy, 1979; editor: Orbis, 1969-73, 76—; editor, contbr.: Safeguard: Why the ABM Makes Sense, 1969; contbr. articles to profl. jours. Trustee Freedom House, N.Y.C.; mem. bd. Gen. Ch. of New Jerusalem, Bryn Athyn, Pa.; mem. adv. com. World Affairs Council, Phila. Decorated Legion of Merit with oak leaf cluster, Bronze Star with oak leaf cluster. Mem. Council Fgn. Relations, Am. Polit. Sci. Assn., Pa. Soc., Council Am. Ambassadors. Home: 2259 Pennypack Ln Bryn Athyn PA 19009 Office: U Pa Philadelphia PA 19104

KIRKPATRICK, EVRON MAURICE, publisher, editor; b. nr. Raub, Ind., Aug. 15, 1911; s. Omer and Lenna Mae (Hain) K.; m. Jeane D. Jordan, Feb. 20, 1955; children: Thomas Reed (dec.), Mary Ellen, Ann Maureen, Douglas J., John E., Stuart A. B.A. with high honors, U. Ill., 1932, A.M., 1933; Ph.D. (Cowles fellow in govt. 1933-35), Yale U., 1939; LL.D., Ind. U., 1977. Instr. polit. sci. U. Minn., 1935-39, asst. prof., 1939-43, asso. prof., 1943-48, prof., 1948, chmn. social sci. div., 1944-48; asst. research dir. research and analysis br. O.S.S., 1945; asst. research dir. and projects control officer research and intelligence Dept. State, 1946, intelligence program adviser, 1947, chief, external research staff, 1948-52, chief, psychol., intelligence and research staff, 1952-54; dep. dir. Office of Intelligence Research, 1954; exec. dir. Am. Polit. Sci. Assn., 1954-81; editorial advisor in polit. sci. Henry Holt & Co., 1952-60, Holt Rinehart, and Winston, 1960-68; chmn. Heldref Publs., 1970—; editor, chmn. bd. editors World Affairs; chmn. bd. trustees Orgn. for Pub. Research Inc., 1955—; lectr. Howard U., 1957-61; cons. Nat. Ednl. Television, 1963-65; professorial lectr., Georgetown U., 1959—. Author: The People, Politics, and the Politician, 1941, American Government, 1942, Survey of American Government, 1943, Running the Country, (with A. N. Christensen), 1946, Target: The World Communist Propaganda Activities in 1955, 1956, Elections - USA, (with Jeane Kirkpatrick), 1956, Year of Crisis: An analysis of Communist Propaganda Activities in 1956, 1957; editor: World Affairs, 1980—; contbr.: to Man and Society, 1938, Essays on the Behavioral Study of Politics, 1962, Perspectives, 1963, Foundation of Political Science, 1978, The Past and Future of Presidential Debates, 1978, International Handbook of Contemporary Development in Political Science, 1981; articles to profl. jours. Mem. Pres.'s Commn. on Registration and Voting Participation, 1963-64, Commn. on Presdl. Campaign Debates, 1963-64, Presdl. Task Force on Career Advancement, 1966; Trustee Nat. Center Edn. Politics; trustee Helen Dwight Reid Ednl. Found., 1960—, treas., 1964-72, pres., 1972—; dir. Govtl. Affairs Inst., 1954-64; mem. adv. com. on fgn. affairs So. Regional Edn. Bd., 1952-56; chmn. trustees Inst. Am. Univs., France, 1958—. Recipient Com. on Status of Blacks in Profession award, 1980; Pi Sigma Alpha award Nat. Capital Area Polit. Sci. Assn., 1981. Mem. Nat. Arbitration Assn. (bd. arbitrators 1943-47), Internat. Polit. Sci. Assn. (mem. council 1955-67, exec. com. 1958-64), Am. Polit. Sci. Assn. (Charles E. Merriam award 1980), Nat. Acad. Scis. (mem. div. behavioral scis. NRC 1963-66, mem. com. internat. relations in behavioral NRC 1966-70), Am. Peace Soc. (pres.), Phi Beta Kappa, Pi Sigma Alpha (mem. exec. com. 1958-82, pres. 1974-76). Home: 6812 Granby St Bethesda MD 20817 Office: 4000 Albemarle St NW Washington DC 20016

BIOGRAPHY SHEET THE
NATIONAL DEFENSE UNIVERSITY
FORT LESLEY J. McNAIR WASHINGTON, DC 20319

Lieutenant General Richard D. Lawrence
President
National Defense University

Lieutenant General Richard D. Lawrence is the President of the National Defense University, Fort Lesley J. McNair, Washington, D.C., having assumed command on 30 September 1983. The University is the Department of Defense's senior institution charged with providing excellence in professional military education and research in the essential elements of national security policy formulation, military strategy development, mobilization, industrial preparedness and planning for joint and combined operations. These responsibilities are discharged on behalf of the Joint Chiefs of Staff by three major components: the National War College and Industrial College of the Armed Forces located at Fort McNair, and the Armed Forces Staff College situated at Norfolk, Virginia.

General Lawrence is a native of Eastland, Texas. He holds a bachelor's degree from the United States Military Academy (1953) and a master's degree in mechanical engineering from the University of Southern California (1961). His doctor of philosophy degree in engineering (operations research) was earned from Ohio State University in 1968. General Lawrence also completed the Executive Program for National and International Security at Harvard University. His military education includes the Armor School Basic and Career Courses, the Command and General Staff College, and the U.S. Army War College.

Commissioned a second lieutenant, armor, in 1953, General Lawrence served as platoon leader, company executive officer and company commander in various armor and cavalry units from 1953 to 1958 at Camp Irwin, California, the Federal Republic of Germany, and Fort Knox, Kentucky.

In 1961, General Lawrence was assigned as the Army Liaison Officer to the US Navy POLARIS Program and US Air Force MINUTEMAN Program in California. He was reassigned to Redstone Arsenal, Alabama, in 1962 to be Chief, General Support Section, Future Missile Systems Division, US Army Missile Command.

In 1964, he returned to troop duty as the Squadron S-3 and then the Executive Officer, 2nd Squadron, 10th Cavalry, 7th Infantry Division in Korea.

In June 1968, after attending the Command and General Staff College, Fort Leavenworth, Kansas, and Ohio State University, General Lawrence took command of the 1st Squadron, 1st Cavalry, attached to the Americal Division in Vietnam. He completed his tour in Vietnam as the G-3 of the Americal Division.

In June 1969, General Lawrence was assigned to Washington, D.C., as a staff Analyst with the Directorate for Land Forces Programs, Office of the Assistant Secretary of Defense for Systems Analysis.

General Lawrence was selected to attend the Army War College in 1970. Following graduation in June 1971, he became Chief of Armor/Infantry Systems, Weapons Systems Analysis Directorate, Office of the Army Assistant Vice Chief of Staff. From February to August 1972, he was the Chief of the Systems Integration Team, Main Battle Tank Task Force at Fort Knox, Kentucky, which conducted the first concept development evolving to the M1 Abrams Tank. He then served as a Federal Executive Fellow at the Brookings Institution in Washington, D.C., until October 1973, co-authoring a book on U.S. force structure in NATO.

In October 1973, General Lawrence assumed command of the 1st Brigade, 1st Cavalry Division at Fort Hood, Texas. In May 1975, he became the Project Manager for Saudi Arabian National Guard Modernization, serving there until July 1977. He returned to Washington, D.C., to serve as Chief, Tank Forces Management Office, Office of the Army Chief of Staff, until April 1979. During this time period, General Lawrence was assigned two special missions by the Secretary of Defense. He served as the Military Negotiator on the United States Delegation to the Egyptian-Israeli Peace Talks. Thereafter, he led a Special Joint Team to Saudi Arabia and North Yemen to assist those countries in defensive planning during the crisis with South Yemen. After his return from the Middle East and until November 1980, he was the Chief of the Army Force Modernization Coordination Office, Office of the Army Chief of Staff in Washington, D.C.

In November 1980, General Lawrence assumed command of the 1st Cavalry Division at Fort Hood, Texas. He served in that capacity until July 1982. He became the commandant of the U S Army War College in July 1982.

General Lawrence is a member of the Army War College Alumni Association (Life Member), 1st Cavalry Division Association, the Association of the United States Army, U S Army Armor Association, Society of the Sigma Xi (National Research Honorary), Alpha Pi Mu (National Engineering Honorary), and is listed in *Who's Who in America*.

General Lawrence's decorations include the Silver Star w/Oak Leaf Cluster, the Legion of Merit w/Oak Leaf Cluster, the Defense Meritorious Service Medal, Air Medal w/13 Oak Leaf Clusters, Joint Service Commendation Medal, Army Commendation Medal w/Oak Leaf Cluster, and several foreign decorations.

Mrs. Lawrence, the former Patsy Ann Wiese, was born in San Pedro, California. She attended the University of Maryland. She is a member of Alpha Omicron Pi and Phi Delta Epsilon (Journalism Honorary). General and Mrs. Lawrence have one married daughter, Anne Roby, residing in Seattle, Washington, and one son K. Scott, a US Air Force captain.

Sidney Lovett
639 Prospect Avenue
West Hartford, Ct. 06105

1976-1986	Senior Minister, First Church of Christ Congregational, West Hartford, Connecticut Community Activities - Co-Founder and Director of Foodshare Commission of Greater Hartford. National Activities - Director (1975) Alban Institute, Washington, D. C. (President 1980-82).
1973-1976	Conference Minister, Central Atlantic Conference, United Church of Christ, Silver Spring, Maryland.
1966-1973	Senior Minister, Union Church of Hinsdale, Illinois.
1957-1966	Pastor, Rock Spring Congregational Church, Arlington, Virginia.
1953-1957	Pastor First Congregational Church, Littleton, Mass.

Mr. Lovett graduated from Yale in 1950; received an M.Div. Degree from Union Theological Seminary in 1953.

He has served on the Board of Directors of many human service agencies and theological schools.

He is married (Joan Campbell) and has five children, two grandchildren.

February 3, 1986

John Norton Moore

SUMMARY

- **Director, Centers for Oceans law and Policy and Law and National Security; Walter L. Brown Professor of Law, The University of Virginia.**
- **Chairman, NSC Interagency Task Force on the Law of the Sea; and U.S. Ambassador and Deputy Special Representative of the President to the Law of the Sea Conference (1973-76).**
- **Counselor on International Law to the Department of State (1972-73).**
- **Chairman, American Bar Association Standing Committee on Law and National Security (1982-present).**
- **Consultant, President's Intelligence Oversight Board (1982-present).**
- **Member, National Advisory Committee on Oceans and Atmosphere (1984-present).**
- **Member, U.S. Delegation to the Conference on Security and Cooperation in Europe (Athens 1984).**
- **Member, Presidential Delegation of the United States to observe the elections in El Salvador (1984).**
- **Special Counsel for the United States in the Gulf of Maine and Nicaragua cases before the International Court of Justice (1981-84).**
- **Chairman, Advisory Committee on Oceans Policy, Republican National Committee.**

EDUCATION

BA (Economics), Drew University, 1959.

LLB, Duke Law School (with distinction), 1962.

Fellow, University of California International Legal Studies Program, 1963.

LLM, University of Illinois, 1965.

Fellow, Yale Law School, 1965-66.

EMPLOYMENT

Director, Center for Oceans Law and Policy and Center for Law and National Security; Walter L. Brown Professor of Law, Director, Graduate Law Program, University of Virginia School of Law (1965-72; 1976-present.)

> Academic duties include teaching courses and seminars on Law and National Security, International Law, Oceans Law and Policy, The Constitution and Foreign Relations Powers, and Contemporary Legal Thought (jurisprudence). In addition, adjunct Professor of Law at Georgetown Law Center (teaching law and national Security and Oceans Law and Policy); adjunct Professor of Law at American University (teaching Law and National Security); and consultant and lecturer at the National War College, the Naval War College, the Army War College, the Foreign Service Institute and the Judge Advocate General's School of the Army. Also lectures widely on national security issues, United States maritime policy, and resource and energy issues. Frequent witness before Congressional committees on maritime policy, legal aspects of foreign policy decisions, national security, war powers, treaty powers, and other issues concerning Legislative-Executive relations in the conduct of foregin affairs.

Special Counsel to the U.S. in the Gulf of Maine Case before the International Court of Justice (1981-84). Special Counsel to the U.S. in the Nicaragua Case before the International Court of Justice (1984).

Consultant, President's Intelligence Oversight Board (1982-present).

Fellow, Woodrow Wilson International Center for Scholars (1976).

Chairman, National Security Council Interagency Task Force on the Law of the Sea, and Deputy Special Representative of the President for the Third United Nations Conference on the Law of the Sea, with rank of Ambassador (1973-76).

Employment (continued)

Duties involved extensive negotiation with United States allies, the Soviet Union, and developing countries; coordination with the Congress and the private sector; and shaping and implementing a unified Executive Branch position on oceans issues.

Counselor on International Law to the Department of State (1972-73).

Among other duties:

- drafted U.S. sponsored treaty to prevent the spread of terrorism;
- worked extensively on constitutional issues concerning Legislative-Executive relations in the conduct of foreign affairs, including the War Powers Resolution and the Case Amentment (on international agreements);
- chaired 75-member U.S. Delegation to the United Nations Seabed Committee (March-April 1973);
- supervised preparation and Congressional introduction of joint State-Justice Department sovereign immunity bill.

Member, U.S. Delegation to the United Nations General Assembly (1972-75).

Arbitrator, ***International Bank v. Overseas Private Investment Corporation*** (1972).

Sesquicentennial Associate, Center for Advanced Studies, University of Virginia (1971-72).

PUBLICATIONS

Books: ***Law and the Indo-China War,*** (Princeton University Press, 1972).

The Arab-Israeli Conflict, (Princeton University Press, 3 vols., 1974 ed. One volume revised and abridged edition, 1977).

Law and Civil War in the Modern World, (Johns Hopkins Press, 1974 ed.).

Readings in International Law from the Naval War College Review, (2 vols., 1983 eds with Richard B. Lillich).

Law and the Grenada Mission (1984).

Articles: Articles have appeared in Foreign Affairs, the American Journal of International Law, the New York Times, the Wall Street Journal, the Los Angeles Times, Marine Technology Society Journal, Yale Law Journal, Virginia Law Review, Virginia Journal of International Law, and numerous other publications.

PROFESSIONAL HONORS AND ASSOCIATIONS

Consultant, The Presidents' Intelligence Oversight Board (1982-present).

Member, Order of the Coif and Phi Beta Kappa; Articles Editor, ***the Duke Law Journal;*** Recipient of Phi Beta Kappa award for ***Law and the Indo-China War;*** Drew University College Alumni Achievement Award in the Arts 1976; Fellow of the Marine Technology Society 1983; Hardy Dillard Award in International Law of The Virginia Bar Association 1984; Myres McDougal lecture in International Law, the University of Denver; Brendon Brown lecture, Catholic University; Waldemar Solf Lecture in International Law, the Judge Advocate General's School of the Army, 1984; George Washington Honor Medal of The Freedom Foundation at Valley Forge, 1985.

Member of the Bars of Florida (1962), Illinois (1963), Virginia (1969), District of Columbia (1974), United States Supreme Court (1973), United States Court of Claims (1980), and other courts.

Member of the Board of Editors, American Journal of International Law, Marine Technology Society Journal, and Journal of Political Communication and Persuasion. Chairman of the American Bar Association Standing Committee on Law and National Security (1983-present). Vice Chairman of the Section of International Law of the American Bar Association (1980-83). Member, State Department Advisory Committee on Law of the Sea (1976-82). Consultant, Department of State (1981-present). Member of the International Research Council of the Center for Strategic and International Studies, Consortium for the Study of Intelligence, Council on Foreign Relations, Board of Directors of the American Oceanic Organization, American Branch of the International Law association, American Law Institute, and International Studies Advisory Board, the Hoover Institution. Legislative Task Group of the World Strategy Network, Board of Directors of the National Strategy Information Center, and Council of the Marine Technology Society. President, Conflict Analysis Center (1983-present).

Biographical profiles appear in **Who's Who in the World, Who's Who in America, Who's Who in Government**, and **Who's Who in American Law.**

REFERENCES

Available upon request.

PERSONAL

Born:	June 12, 1937, New York, New York
Married:	The former Barbara Schneider, December 12, 1981, Christ Church, Alexandria, Virginia
Children:	Victoria Norton Moore, born November 26, 1984.
Religion:	Episcopal
Club Memberships:	Cosmos Club (Washington, D.C.), and New York Yacht Club
Office Addresses:	**University of Virginia School of Law Charlottesville, Virginia 22901 Telephone (804) 924-7441 Oceans and International Apt. 3-1618 307 Yoakum Parkway Alexandria, Virginia 22304 Telephone: (703) 751-7798**
Home Addresses:	**824 Flordon Drive Charlottesville, Virginia 22901 Telephone: (804) 977-2749 602 Pendelton Street Alexandria, Virginia 22314 Telephone: (703) 548-3029**

RICHARD JOHN NEUHAUS February, 1986

Born in Pembroke, Ontario, Canada, Pastor Neuhaus was educated in Ontario, Nebraska and Texas. He studied theology at Concordia Theological Seminary, St Louis, and philosophy and sociology at Washington University, St Louis, and Wayne State University, Detroit. He served pastoral internships in Detroit and Chicago.

A Lutheran clergyman, for seventeen years he was senior pastor of a low-income Black and Hispanic parish in Brooklyn, New York. Over the years he has played a leadership role in numerous organizations dealing with civil rights, peace, international justice, and religious ecumenism. His work and writing have been the subject of feature articles in TIME, NEWSWEEK, THE NEW YORK TIMES MAGAZINE, and scholarly publications. In 1982 he received the "Faith and Freedom Award" from the Religious Heritage Foundation of America and in 1983 the John Paul II Award for Religious Freedom.

For eight years he was Senior Editor of Worldview, a monthly journal on ethics and social change. Also, he served as project director at the Council on Religion and International Affairs, an Andrew Carnegie foundation in New York City. He serves on the boards and editorial councils of a number of organizations dealing with theology and public affairs, and is also editor of Lutheran Forum Letter. In addition, he is a member of an international research project, SABA (South Africa Beyond Apartheid). Since 1984 Pastor Neuhaus has been the Director of The Center on Religion and Society, New York City, and the editor of The Religion and Society Report.

Books by Pastor Neuhaus:

THEOLOGY AND THE KINGDOM OF GOD (edited Westminster 1969) -- on the theology of Wolfhart Pannenberg.
MOVEMENT AND REVOLUTION (with Peter Berger, Doubleday 1970 -- a study in the nature of revolution in American and other societies.
IN DEFENSE OF PEOPLE (Macmillan 1971) -- the first book-length critique of environmentalism as it relates to ideas of social justice.
AGAINST THE WORLD FOR THE WORLD (edited, Seabury 1976) -- the debate over the Hartford Apppeal of 1975 and its meaning for the churches.
TIME TOWARD HOME: THE AMERICAN EXPERIMENT AS REVELATION (Seabury 1975) -- a critically acclaimed study of the nature of American democracy.
CHRISTIAN FAITH AND PUBLIC POLICY (Augsburg 1977) -- a detailed analysis of connections between Christian faith and public policy making.
TO EMPOWER PEOPLE (with Peter Berger, 1977) -- on the role of "mediating structures" (family, church, etc) in public policy.
FREEDOM FOR MINISTRY (Harper and Row 1979) -- a critical affirmation of the theory and practice of Christian ministry.
THE NAKED PUBLIC SQUARE (Eerdmans 1984) -- an analysis of public policy and public life in "post-secular" America.
DISPENSATIONS (Eerdmans 1986) -- on the role of religion in the future of South Africa, as viewed by South Africans.

RICHARD N. PERLE

THE HONORABLE RICHARD N. PERLE IS THE ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY POLICY, OFFICE OF THE SECRETARY OF DEFENSE, WASHINGTON, DC.

Mr. Perle was born September 16, 1941 in New York City, New York, and graduated from Hollywood High School, Los Angeles, California, in 1959. He took honors examinations at the London School of Economics and Political Science, London, England, in 1961, and received a Bachelor of Arts degree in international relations from the University of Southern California in 1964. He received a Master of Arts degree from the Department of Politics, Princeton University in 1967.

Mr. Perle has been the recipient of several fellowships including ones from Princeton University (1964, 1965, 1966), Ford Summer Fellowships (1964, 1965, 1966), the Social Science Research Council and American Council of Learned Societies (1967-68), and the American-Scandinavian Foundation.

He began his professional career in 1964 as a research assistant for the Institute of Government and Public Affairs, University of California Los Angeles before moving to the East Coast in 1965 and becoming a member of the professional research staff, Institute of Naval Studies, Center for Naval Analyses, Cambridge, Massachusetts.

Mr. Perle began his career in government in June 1969, first working for the Committee to Maintain a Prudent Defense Policy and then as a full-time consultant to the Special Assistant to the Secretary of Defense. Moving to the Senate Staff in October 1969, he worked in a series of positions including the Subcommittee on National Security and International Operations, the personal staff of Senator Henry M. Jackson (D-Washington), and the Permanent Subcommittee on Investigations: Staff, Subcommittee on Arms Control, Committee on Armed Services.

Just prior to assuming his duties as the Assistant Secretary in March 1981 Mr. Perle served as a consultant for several corporations. He also has authored or co-authored numerous articles dealing with foreign policy issues facing the United States.

He is married to Leslie J. Barr of Baltimore, Maryland, and has a young son, Jonathan B. Perle. The Perles make their home in Chevy Chase, Maryland, a suburb of Washington, DC.

W. SCOTT THOMPSON

Dr. Scott Thompson, a member of both Ford and Reagan Administrations, is Adjunct Professor of International Politics at Georgetown University and on the faculty of the Fletcher School of Law and Diplomacy, Tufts University. He is also president of Strategic Research Associates, an international consulting firm.

A graduate of Stanford & Oxford, where he was a Rhodes Scholar, he has lectured on defense, third world, and communications issues. He is the author and editor of numerous books and articles on foreign policy, including from *Weakness to Strength: National Security in the 1980s.*

In 1982-84 he served the Reagan Administration as Associate Director, US Information Agency, and in 1975-76 was Assistant to the Secretary of Defense. He has lectured or debated at every Ivy League University, and made numerous and popular presentations to executive business groups and trade associations here and abroad. He appears frequently on TV and radio news analyses and programs and is the recipient of numerous scholarly awards. He has been a consultant to the State and Defense Departments, and to the US Navy. In 1975-76 he was a White House Fellow. Recently he has lectured on "Inside the Reagan Administration," "The World Balance of Power," and "Communications and Foreign Policy." He is a member of the Council on Foreign Relations and the International Institute for Strategic Studies.

"Dear Scott:

. . . it was your approach to explaining the concept of deterrence which was reflected in my recent speech . . . The fact that [it] has been so well launched is due, in large measure, to your thoughtful elaboration in a very straightforward and easily understandable manner . . .

Sincerely,

Ronald Reagan"
15 December 1982

Contact: Hon. W. Scott Thompson
President, Strategic Research Associates
3421 M Street, N.W.
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Medford, MA 02155
(617) 628-5000

BIOGRAPHICAL INFORMATION - BRUCE WEINROD

Bruce Weinrod is Director of Foreign Policy and Defense Studies at The Heritage Foundation, a public policy research organization based in Washington, D.C., and Acting Director of the Foundation's newly-established Spitzer Institute for Hemispheric Development.

Mr. Weinrod did graduate work in International Affairs at the University of Pennsylvania and received a J.D. from Georgetown University School of Law. After U.S. Army service from 1969 to 1972, Mr. Weinrod served on the White House Writing and Research staff. Later, he was on the staff of the Foreign Policy Research Institute in Philadelphia. After a period as Manager of International Corporate Affairs for the Chase Manhattan Bank, Mr. Weinrod was Legislative Director to Senator John Heinz of Pennsylvania. Mr. Weinrod has also served as foreign affairs advisor to Senator Paul Laxalt and Legislative Director for Congressman Burt Talcott.

Mr. Weinrod is a member of the International Institute for Strategic Studies, the District of Columbia Bar and The Philadelphia Society. He also serves on the Board of Directors of the Foreign Student Service Council and The International Affairs Council. Nominated by President Reagan, he was recently confirmed by the U.S. Senate as a member of the U.S. Institute of Peace.

At The Heritage Foundation, Mr. Weinrod's work is concerned primarily with East-West relations, arms control and Latin America. He has published widely on these and other topics.

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The Center for Democracy
143 Bay State Road
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ALLEN WEINSTEIN: BIOGRAPHICAL SKETCH

Historian Allen Weinstein, 48, University Professor and Professor of History at Boston University, is also President of The Center for Democracy, a nonpartisan institute associated with the University. Through programs and research, the Center studies and promotes the democratic process in the United States and abroad.

He was University Professor at Georgetown University from 1981-84 and, until 1983, Executive Editor of The Washington Quarterly at Georgetown's Center for Strategic and International Studies. He served as a member of The Washington Post Editorial Board in 1981 and, from 1966-81, as Professor of History at Smith College and Chairman of its American Studies Program.

In 1984, he served as President of The Center for the Study of Democratic Institutions (Santa Barbara), Editor of The Center Magazine, and an Adjunct Professor in History and Political Science at the University of California (Santa Barbara). He was also Acting President of The National Endowment for Democracy, a private foundation which assists democratic groups in other countries, after directing the bipartisan Democracy Program research study which led to the Endowment's incorporation with a 31 million dollar congressional authorization, all in the 1982-84 period.

He has received a number of national and international awards and fellowships, including the 1981 Commonwealth Fund Lectureship in U.S. History at the University of London. He is a member of the Board of Directors of the congressionally-chartered, grant-making United States Institute of Peace, an elected member of The Society of American Historians, a member of the Foreign Policy Association's Editorial Advisory Board, and a Board member of the Committee for a Community of Democracies. In 1980, he was a Fellow of the Smithsonian's Woodrow Wilson International Center for Scholars.

His books include Freedom and Crisis: An American History (4th edition in preparation); Perjury: The Hiss-Chambers Case (Knopf; Vintage paperback; Hutchinsons Ltd.), whose several citations included an American Book Award nomination; Between the Wars: American Foreign Policy from Versailles to Pearl Harbor (Berkely paperback); Prelude to Populism: Origins of the Silver Issue (Yale University Press); and another half-dozen edited collections including American Negro Slavery (4th ed., 1985, Oxford University Press); American Themes: Essays in Historiography (Oxford); and Truman and the Founding of Israel: The 30th Anniversary Conference (Hebrew University/Magnes Press).

His articles and essays have appeared in a wide range of popular and scholarly publications including The American Scholar, The American Historical Review, Commentary, Encounter, Esquire, The Journal of American History, The Journal of American Studies, The New Republic, The New York Review of Books, The New York Times (Op-Ed, Sunday Book Review, Sunday Magazine, News of the Week in Review), New York, Newsweek, The Wall Street Journal, and The Washington Post.

ROBERT F. TURNER

President
United States Institute of Peace

On 17 March 1986, Robert F. Turner was sworn in as the first President of the United States Institute of Peace--a national, independent, non-profit corporation established by Congress and funded by the government to conduct and support research and scholarship in the field of international conflict resolution.

Mr. Turner received his undergraduate training at Indiana University, and his law degree from the University of Virginia School of Law--where he was Senior Editor of the ***Virginia Journal of International Law*** and a member of the National Moot Court Team. He has also done graduate work in History and Political Science at Stanford, and in Government and Foreign Affairs at Virginia.

He served twice in Vietnam before leaving the Army as a Captain in 1971. He then became a Research Associate and Public Affairs Fellow at Stanford's Hoover Institution on War, Revolution and Peace; where he twice served as Associate Editor for Asia and the Pacific of the ***Yearbook on International Communist Affairs*** . He spent five years during the mid-1970s as the principal national security legislative assistant to a member of the U.S. Senate Committee on Foreign Relations. He has also worked in the Pentagon as Special Assistant to the Under Secretary of Defense for Policy, at the White House as Counsel to the President's Intelligence Oversight Board, and at the State Department as Principal Deputy Assistant Secretary for Legislative and Intergovernmental Affairs (and briefly as Acting Assistant Secretary). Immediately prior to assuming his present position he was a Senior Fellow at the Center for Law and National Security at the University of Virginia School of Law (of which he is a former Associate Director). He has also been a consultant to the Office of the Legal Adviser at the Department of State, the Department of Defense, the President's Blue Ribbon Commission on Defense Management, and the American Bar Association.

Mr. Turner is the author of several books and monographs--including ***Vietnamese Communism: Its Origins and Development*** (1975), and ***The War Powers Resolution: Its Implementation in Theory and Practice*** (1983)--and has contributed to the ***New York Times*** and other periodicals and professional journals. He currently has three studies in the process of being published--***Congress, the Constitution and Foreign Affairs*** (University Press of Virginia); ***International Law and the Brezhnev Doctrine*** (University Press of America, coauthored with Professor John Norton Moore); and **Nicaragua v. United States:** ***A Look at the Facts*** (Pergamon-Brassey's). He is also coediting a law school ***Casebook on Law and National Security***.

He is a member of the Virginia State Bar and the Bar of the United States Supreme Court. Now in his third term as Chairman of the American Bar Association's Committee on Executive-Congressional Relations, Mr. Turner serves on the ABA Law and National Security Advisory Committee. In addition to several professional organizations, he is a member of the National Eagle Scout Association and Mensa. He is 42 years old. Additional information appears in ***Who's Who in the World***, and ***Who's Who in American Law***.

(March 1986)

ADMINISTRATION REQUEST

Mr. **Natcher**. The President's budget for 1987 includes $1,250,000 for the Institute, as you know. On what basis was that figure determined, Dr. Moore?

Mr. **Moore**. Well, Mr. Chairman, that figure was determined prior to the swearing in, indeed, prior to the confirmation of the current Board of the United States Institute of Peace, so it was not a figure that was based on any input from the United States Institute of Peace Board.

The time at which it was prepared necessitated that. One very important element in those figures is the assumption that there would be approximately $2,000,000 that would be carried over in the Endowment and be available for expenditures during fiscal year 1987.

Mr. **Natcher**. Dr. Moore, does the Institute plan to submit its own budget request independent of the President's request?

Mr. **Moore**. Mr. Chairman, we are currently studying very carefully the precise relationship with OMB. We have requested a legal opinion of our legal counsel. We are sufficiently new, that we do not yet have the answer to that.

It is the reading certainly of this Board of Directors, and this Chairman, that the Institute is an independent Institute. That at least is our very strong preliminary judgment as we await a very careful legal analysis in this area.

Mr. **Natcher**. Would you be able to function adequately at the level of $1,250,000?

Mr. **Moore**. Mr. Chairman, this is simply an issue that the Board has not yet taken a position on the precise budget, and so I cannot in my capacity for the Board answer that.

I can also indicate, preliminary to any answer in a personal capacity, or really in my individual capacity as Chairman, but not on behalf of the Board, that we certainly are mindful of the extraordinarily tight fiscal situation, the setting of the taxpayers in the United States, and the need to conserve funds.

But I would say, in my individual opinion as the Chairman of the Board, that additional sums of money could be appropriately used that would be higher than that level, Mr. Chairman.

And in this connection, we might want to keep in mind that we have a fairly unique feature here, the Endowment. It would be our intention to make any expenditures with great care, and in the event that expenditures at a higher level were not justified, they could simply be rolled over into the Endowment without causing any great flurry of pressures to try to spend up to the expenditure level.

NO AUTHORIZATION FOR 1987

Mr. **Natcher**. Dr. Moore, you presently have no authorization for appropriations for fiscal year 1987?

Mr. **Moore**. That is correct.

Mr. **Natcher**. Has an authorization bill been introduced in either House up to this time?

Mr. **Moore**. My understanding is that authorization bills are in the process right now, either have been introduced or will be shortly introduced in both Houses with a level of $6,000,000 for fiscal year 1987.

Mr. NATCHER. What about 1988?

Mr. MOORE. My understanding is that the authorization bills will both be for two years, for 1987 and 1988, and that at least one of the bills will have a figure of $10,000,000 for 1988, and the other bill will basically track whatever level is appropriated for that year.

Now, this is a very preliminary understanding that I have from discussions indirectly with staff, but I believe that there are two-year authorization bills that are in the hopper in both Houses.

If I could add one other point. Mr. Turner believes, and correctly, that it should be clarified that these bills are by Members of Congress in both cases, and these would not be Administration bills.

The 6,000,000 and 10,000,000 dollar figures are again precisely what were in the initial bill, the exact level that Congress initially placed in the bill as to authorization.

Mr. NATCHER. Which committees will handle this legislation? Where will the bill go?

Mr. MOORE. In the Senate, the bill will be in the Education Subcommittee; and in the House, it will in the Education Committee as well. Do you know the exact subcommittee? I should know.

Also, Foreign Affairs, in both Houses, I assume at this point, Mr. Chairman.

ADMINISTRATION AMENDMENTS

Mr. NATCHER. The Administration proposed a series of amendments to your basic law in April of 1985. You know about this. Just briefly now, what about these amendments, what did they propose?

Mr. MOORE. Mr. Chairman, the amendments had a number of proposals. One would have very substantially increased the pass-through requirements as to the expenditure of the funding. One would have dealt with the terminology of the President of the Institute, so that would not be called President, and a number of other fairly technical provisions.

Mr. NATCHER. Were the amendments considered by Congress?

Mr. MOORE. No, the amendments have at least not gotten any high level of consideration at this point.

ENDOWMENT

Mr. NATCHER. Section 1704 of your statute authorizes the creation of an Endowment of the United States Institute of Peace. What is the purpose of this Endowment?

Mr. MOORE. That is correct. This is a rather unique provision in our law that does permit the Board to flow through unexpended funds to the Endowment at the end of a particular fiscal year.

Now, at one point in the background of the legislative history, the United States Institute of Peace was to be permitted under appropriate constraints to accept private funding, private contributions which could have been placed into such an Endowment.

At present, our legislation prohibits the Institute of Peace from accepting any private funding, and as a result, the Endowment is available at this point solely for the public monies.

I might add, Mr. Chairman, that in this start-up phase, this is a particular godsend to us in the Institute, because we sense that there is an intent of Congress that we actively engage in the research program, and yet, equally clearly, we do not believe that Congress wishes us to do that without the greatest care and the most careful consideration as to how that funding should be spent very wisely in the interest of getting maximum amount from those funds, so this permits us, at least in the start-up phase, to have a greater degree of flexibility for which we are very thankful.

Mr. Natcher. Mr. Conte, I yield to you.

Mr. Conte. Dr. Moore, I have to say it is an enjoyable day for me personally to see the United States Institute of Peace before the Subcommittee today included for the first time in the President's budget. I was proud to join with a lot of other members in getting this Institute off the ground. We had to fight a lot of opposition, which is an ironic way for a Peace Institute to start, but it has and will pay off, I am sure.

Two years ago, this Subcommittee helped provide the first ever funding for the Institute. It has taken a while for you to get back to us for more, but perhaps, Mr. Chairman, it will be worth the wait.

Welcome.

BOARD MEMBERS

Do you think those now confirmed to the Board represent a good cross-section of the country and its interests?

Mr. Moore. I have been very impressed with the seriousness of the purpose by the Board members. The Board must be appointed on a bipartisan basis, by statute, and I have been struck with the level of intellect of the members of the Board and their devotion to the interest in the United States Institute of Peace, and I have also been struck with the extraordinary outpouring of support on a bipartisan basis from Congress, from the Administration, and from both parties, quite apart from ideology, or particular party.

Mr. Conte. Will you put in the record the 15 Board members?

Mr. Moore. Yes, sir.

CURRENT APPROPRIATION

Mr. Conte. Of that original $4,000,000, has any of that lapsed?

Mr. Moore. No, nothing has lapsed at present.

Mr. Conte. Do you feel that $4,000,000 will get spent before the end of the year?

Mr. Moore. It is virtually impossible to spend all of the $4,000,000 prior to the end of the year, and we expect to establish our Endowment shortly. That is one of the next orders of business for the Board, and we will be rolling over any unexpended portion into the Endowment.

Mr. Conte. What have been your major expenses so far?

Mr. Moore. We are only eight weeks into the operation of the Board. Major repenses will have been for travel for the Board members, work by the Chairman, other Board members, and our staff members that have come on board as of about three weeks ago or four weeks ago now.

We have a staff of three, and we are beginning to incur expenditures in our housing. About a week ago, we have moved into housing, so we are just starting.

LOCATION

Mr. CONTE. Where is your housing?

Mr. MOORE. 730 Jackson Place, a very nice Jackson Place townhouse. As Chairman, I specifically asked the White House to try to support us on this, and I was delighted that we got a very good response.

Mr. CONTE. Is that going to be a permanent or temporary home?

Mr. MOORE. We are in there from six to nine months at this point, and it gives us an opportunity to look around for a very careful permanent home.

Mr. CONTE. Would you buy it?

Mr. MOORE. Our legislation prohibits us from spending any funds for brick and mortar at all.

Mr. CONTE. You are renting.

Mr. MOORE. That is correct.

WORD PROCESSING

One other thing I would like to add, I have been impressed with the care with which this Board is proceeding. Every member believes they are taxpayers of the United States, as well as Board members. We have resolved to spend our funds very carefully and very wisely, and one of our additional expenditures, to illustrate our effort to save funds, was in buying a small word processing system on which this testimony and everything else we are doing, all of our letters, are being written.

And in that effort, I would like to ask Bob Turner to say a little bit. It is an interesting example of how an independent agency with a little more independence can save some taxpayer dollars.

Mr. TURNER. In general, you may note the appearance of the product has almost a typeset look. We know we are going to be publishing a lot of documents for the public, and we want it to be fitting a national institute.

To print this commercially would cost us about $30 a page, and we were able to do it for about 5 cents a page by using laser technology. In buying our equipment, we were able to beat the bulk GSA-negotiated price.

They get very good prices, but we beat their price across the board by between 12 and 20 percent, so for a total expenditure, a little less than we would have paid for an IBM system, we got the capability to produce in-house typeset quality material in a matter of minutes. The initial expenditure was in the range of $18,000 for a complete five station system.

We are not going to be spending large sums of money typesetting, but will be turning out quality reports and studies in-house with only the cost of reproductions. In the long run, we think this will be a substantial savings to the taxpayers, and by shopping around carefully, we obtained a better deal than GSA could offer on the same equipment.

STAFF

Mr. CONTE. What are some of the criteria you are using for selecting the Institute's staff?

Mr. MOORE. We would like to get the best in the peace processes, in dealing with the enormous task we have before us, we simply want the best.

We have been lucky in the interim staff appointments we have made. We do face a decision as a Board whether to put off any appointments of staff at all for six or nine months, while we conduct a careful search or whether we immediately get started, and then conduct a very careful search.

And we have chosen the second of those, but I am happy to say one of the reasons we did is the extraordinary caliber of the two professional staff members that we were able to attract to the Institute to get started.

Mr. CONTE. How many staff positions can you put on?

Mr. MOORE. We can put on at least nine at this point. The OMB figures are nine, and I don't see that as any significant issue at this point.

INDEPENDENCE

Mr. CONTE. Do you feel you can act independently of the Federal Government, as Congress intended?

Mr. MOORE. Absolutely, no question about it whatsoever. I was gratified as the Chairman to find that all of the members of the Board, without exception, and particularly strongly the governmental members of the Board, indicated the importance of complete independence of the United States Institute of Peace from the United States Government.

This has been a very strong theme running through all of the meetings of the Board so far. I have just been very personally gratified about that.

PUBLIC INPUT

Mr. CONTE. How will the normal business of the Institute be conducted to ensure that public opinions and input will be heard and responded to by members of the Board?

Mr. MOORE. All of our Board meetings are by law, with the exception of some kinds of personnel matters, or if we were ever to deal with classified information, all of the meetings are in public.

We provide notice in the Federal Register, and every meeting, every discussion the Board has held at this point has been fully in the public with a public record kept, and it seems to me that is a very useful way of involving the public.

We have also gone out and sought contact with a variety of groups that have been particularly helpful in the creation of the United States Institute of Peace, and we hope to be working closely to inform all Americans of what we are doing.

BOARD MEETINGS

Mr. CONTE. Can you tell us how many times the Board has met, either formally or informally, and what issues are presently pending?

Mr. MOORE. Since we were sworn in on February 26, we have met twice for four days so far. One week from now, we have our third meeting of the Board scheduled, which would be six days of meetings in the first two months, in essence.

Mr. CONTE. What issues have you had before the Board?

Mr. MOORE. We are in an organizational phase at this point, so we dealt first with the hiring of interim staff, and the decision as to hiring interim staff.

We then set up a series of committees of the Board that will track all of the important work of the Institute. We have six of those committees set up.

Three of those held their first Board meeting at the last session of the Board, and the next three will hold their first meeting at the upcoming meeting a week from now, so within a week, we will have had every single one of those committees hold at least one meeting.

In many cases, they have approved a number of projects that have already begun. We, of course, have also been preoccupied with a question of housing, with getting some of our personnel on board, and that is obviously going to consume the time of the Board.

But I can say that the Board, in its upcoming meetings over the next year, is, one, going to continue to take a very active role in the work of the Institute; and two, to try to divide its time between the administrative things that have to be done, and to pay great care to that, but also increasingly to move into the substance.

We have a very substantive Board, a very knowledgeable Board, and I am happy to say that they very much want to get into the substantive areas.

STUDY OF PEACE

Mr. CONTE. In what ways is the study of "peace" unique from that of history or social science? And what does the discipline add to the existing study of East-West relations and arms control?

Mr. MOORE. This has to be viewed as a focus on a fundamental human problem that seeks to draw from a whole range of disciplines.

Certainly diplomatic history, arms control issues, international law, conflict resolution, conflict management, negotiation theory, and Mr. Chairman, one of the themes that runs through the background, the legislative history, was a focus on third-party mediation and negotiation, and that is one of the areas the Board would be looking at carefully.

CLASSIFIED MATERIAL

Mr. CONTE. Would you be hindered at all by limited access to classified material?

Mr. **Moore**. We have in our statute a provision indicating that we can decide in particular projects to have access to classified information.

My initial conversation with the Board members, and this is simply an initial reaction of the Board, Congressman, is that the Board feels we would be more productive if we did not get involved with classified information.

One of the issues we will be facing as a Board in coming months is exactly what ground rules we place in the by-laws on that, but I would not be surprised, and indeed anticipate that at least for a very substantial period of time, if not limited even more carefully, the Board will not be involved by choice in dealing with classified information.

Mr. **Conte**. Thank you, Mr. Chairman.

Mr. **Natcher**. Mr. Dwyer?

GRANT FUNDING

Mr. **Dwyer**. When do you intend to begin the distribution of grant funds for research and education? Is that anticipated in the near future?

Mr. **Moore**. I think the answer to that is yes, but let me give you a little more procedural sense of what we are doing at the present time.

We are currently drafting, along with all of the other organizational work we are undertaking, a series of guidelines as to how we go about making contracts and grants.

We want to be absolutely certain that we are complying with all of the requisite regulations, that we are ensuring that the funds are well-spent, and we are in the process of drafting those.

We have a number of proposals already that have come before the Institute, and my sense is that the Board is likely to have approved a number of those, but I can't be certain of this.

The Board is, in my judgment, likely to have approved a fairly significant work program, requiring significant obligations prior to the end of this fiscal year.

Mr. **Dwyer**. What proposals have come before the Board?

Mr. **Moore**. One proposal that is in front of the Board is a proposal to jointly sponsor a conference looking at some critical arms control issues, with the Arms Control and Disarmament Agency.

One of the things that we are permitted by law to do is to coordinate with public institutions as well as private institutions.

Now, that is simply one very preliminary kind of proposal, and we have a number of private proposals at this point, even before developing any procedures to go out there. And indicating that we have them, I would, I think I would perhaps not be doing justice to any of them to try to single anything out.

The Board has not had an opportunity to give them care and praise to any at this point.

Mr. **Dwyer**. Who made the disarmament proposal that you mentioned?

Mr. **Moore**. From the Arms Control and Disarmament Agency, which has proposed a joint conference to be jointly sponsored by the Institute and the Agency.

Mr. **Dwyer**. Why would they make a proposal to your Institute?

Mr. **Moore**. First, it is kind of an accident that the first thing we have is a request from a government agency for a conference, because I think very clearly, as we look at the overall set of things we are going to be funding, it is clearly the private sector that is going to be the great bulk of that.

Part of it is that very wisely, in my judgment, Congress placed on the Board a number of members of the Executive Branch, four ex officio members, one being the Director of the Arms Control and Disarmament Agency, who is very supportive of the Institute and sees in the Institute an opportunity to assist with goals of the Arms Control and Disarmament Agency as well as the education of the American people in some of these issues.

PROPOSALS RECEIVED

Mr. **Dwyer**. You mentioned private sources have already made some inquiries on grants. Can you tell us who they might be?

Mr. **Moore**. Bob?

Mr. **Turner**. We would be happy to provide those for the record. We have a number of requests, but the problem is categorizing them. Some are thick packages and several are letters from groups saying, in effect, we are interested in working with you, tell us how to do it.

One group has submitted a proposal it submitted to another agency, and said, is this the kind of thing you would be interested in. If so, tell us how we submit it to you.

I will, within, say, 48 hours, provide for the record a list.

Mr. **Dwyer**. That would be helpful, but for purposes of discussion this morning, are they from universities, private foundations?

Mr. **Turner**. A Combination.

[The information follows:]

ANSWER TO QUESTION FROM MR. DWYER

The Institute has been contacted by many institutions and individuals about possible grant proposals. Some have submitted rather formal proposals accompanied by extensive documentation, while others have sent general outlines of projects with inquiries about how funding might be sought or whether a given proposal would be of interest to the Institute. In still other cases, we have simply been asked to provide information about our grant programs and procedures. The Institute is currently developing its standards and procedures.

It is quite possible that proposals have inadvertently been omitted from this list. Note, too, that the list does not include the dozens of individuals who have very informally approached Board members or the Institute's staff and expressed a general interest in applying for support once procedures are announced.

A list of proposals received follows:

- A representative of the **Wisconsin Institute for the Study of War, Peace, and Global Cooperation** (a consortium of twenty-one public and private institutions of higher education) met with our staff to inquire about financial assistance for various types of programs.

- The **Academy for the Development of Global Peace** (International Systems Institute, Far West Laboratory, San Francisco) has submitted a proposal to fund three forums and a videotape on "Designing Pathways to Peace" for a total cost of about $374,000. (We have also been contacted by a local government entity in support of this project.)

- The **Central Pennsylvania Consortium** (representing four colleges) has inquired about the possibility of receiving funding for a project on "Peace, War, and the Liberal Arts."

- The **Boyd and Grace Martin Institute of Human Behavior at the University of Idaho** has inquired about funding for a program to teach six advanced courses and to offer M.A. and Ph.D. degrees in Peace.

- The **Arms Control and Disarmament Agency** has suggested that the Institute and ACDA cosponsor a series of four seminars to be arranged by the Lehrman Institute (two in New York and two in Washington) to commemorate the 25th anniversary of the founding of ACDA.

- The **Program on Conflict Analysis and Resolution at Syracuse University** (Department of Sociology) has submitted a proposal for general funding, and has indicated that specific project proposals will be forthcoming.

- The **Center for Strategic and International Studies** at Georgetown University has contacted us about helping to fund a study on "Crisis Dynamics and Nuclear Risk Reduction" (total study cost about $750,000).

- The **Center for International Development at the University of Maryland** has submitted a draft proposal on Conflict Resolution: Theory and Practice.

- The **Foreign Policy Research Institute**, in Philadelphia, has contacted us about possible support for a two-day multidisciplinary arms control conference.

- The **Syracuse University College of Law** has contacted us about helping to fund an international scholarly conference on international humanitarian law applicable to armed conflicts at sea ($133,000).

- The **College of Journalism at the University of Maryland** has submitted a proposal to prepare a video documentary using, *inter alia* ,United Nations materials.

- The **Ethics and Public Policy Center** in Washington, D.C., has inquired about the possibility of receiving a grant to study the recent transfer of power in the Philippines.

- The **Institut Henry-Dunant** (the research, educational and publication body of the International Committee of the Red Cross in Geneva) has contacted us about possible joint international projects.

- The **Institute for Defense Analyses** has informally contacted us about a proposed study of the feasibility of using unmanned sensors in Europe to reduce the risk of surprise attack.

- The **Foundation for International Human Relations**, in Arlington, Virginia, has contacted us about possibly funding training workshops.

- The **Program in Arms Control, Disarmament and International Security at the University of Illinois** at Urbana-Champaign has sought guidelines for submission of grant proposals.

- **Arctic Energies, Ltd.**, in Severna Park, Maryland, has sought guidelines for submission of grant proposals.

- **Analytic Decisions, Inc.**, of Colorado Springs, Colorado, has sought guidelines for submission of grant proposals.

- The **Potomac Organization, Inc.**, of Washington, D.C., has sought guidelines for submission of grant proposals.

- An **individual** in Sierra Madre, California, has contacted us about a proposal to use neighborhood groups as a means of promoting peace under the title "The Way to Genuine, Lasting Peace."

- An **individual** in Brookline, Massachusetts, has sought guidelines for submission of a project for funding on "Psychological Aspects of the Arms Race."

- An **individual** employed by the National Geographic Society has inquired about support for a campaign to designate July 2 and 3 of each year as "U.S.-Canada Days of Peace and Friendship."

Mr. **Moore**. There is one very important distinction to make, and that is that we have received many, many oral inputs. I have received one, for example, from the Dean of Graduate Studies at Georgetown University, one in writing, a very simple letter, and many oral inputs over the phone as well.

We do not have formal proposals yet for the most part, because we have informed everyone that we are in the formative phases, and are not yet ready for proposals.

We will soon be going out publicly to solicit proposals and at that point, all of these people are on our mailing list, and we anticipate getting proposals, so the answer is, really, in terms of the perspective on this, we are in the formative phases and not yet gone out for proposals.

What we do have are typically individuals that have closely followed the Institute of Peace, been strong supporters of it, and wanted to get in very early with a particular proposal, even before we were basically opening the door for proposals.

Mr. **Dwyer**. They probably had their programs in mind before the legislation took place.

Mr. **Moore**. Exactly right.

Mr. **Turner**. The ACDA proposal we mentioned earlier, as I understand it, the statute encourages us to cooperate with other agencies, and I view this as almost a pro forma effort at cooperation.

This is a small sum, $25,000 per agency, to put on a series of four conferences, but the reason it was brought up early was because ACDA's 25th anniversary is this year, and they are trying to do it as part of their overall commeration program.

Mr. **Dwyer**. The Disarmament Agency, the publicity on the talks of Geneva, there is not a lack of education or publicity in this particular area, and I thought it was interesting to see that that was one of your first applications.

However, you mentioned in an answer to Congressman Conte a minute ago, that certain projects have begun.

Mr. **Moore**. This is part of our organizational work, projects by Board members. One approved at the last meeting will be a project that Scott Thompson will chair as the Board chairman of the Information Committee of the Board, and that will be a very careful appraisal that he will spearhead primarily internally to simply provide the Institute Board with a very careful intellectual map of what is being done in the universities, in the United States and abroad.

What is being funded by governments around the world, what are other Peace Institutes doing around the world, in an effort to look at the field with some care, and this goes back to a question that had been asked earlier as well, what are you doing intellectually, and we are trying to come to grips with that very, very seriously and to look at how we can make the best contribution to serious scholarship.

In my judgment, we are an agency, apart from the public affairs side, that is very strongly to be focused on serious scholarship.

We are to be out of the limelight. We are not trying to generate publicity for ourselves.

We are trying to function quietly, and hopefully at a very high level of competence and encouraging advanced research and scholarly work in these areas.

ESSAY CONTEST

Mr. **Dwyer**. You mentioned the high school and college essay. Have you made any forward movements in that area?

Mr. **Moore**. At our last meeting of the Board, we made a decision to, in general terms, authorize that as a project, and at our next meeting of the Board, we will be considering a series of possible questions, possible topics that could be used in the overall contest, somewhere between two and four kinds of fundamental issues, such as negotiations between East and West, that we would put out in an essay contest form.

Let me say on that as well, I hope that we are not judged solely by our initial kinds of efforts, because as we get started, though we think these are very sound things to do in an educational sense, or we would not undertake them, we also think that the core of what we are about is very sound, serious scholarship and very serious educational efforts, and we start obviously with the very easy and simple things one can immediately do as we carefully look at that intellectual map, and develop funding criteria.

STAFF

Mr. **Dwyer**. The entire question is probably the most serious question we all face. How large a staff do you anticipate?

Mr. **Moore**. At the present time, we have a staff of two professionals, and we have one secretary right now. I think that we are likely to be, in the immediate future—let me answer it in two ways:

One, immediate future, and two, looking longer term. In the immediate future, we will need another two secretaries, administrative assistants fairly quickly, and one or two, possibly three, additional staff persons, and we will almost surely want to implement the Jennings Randolph Fellows Program very quickly as well, with something like two to four of the fellows brought on board, possibly more on other kinds of fellows programs that we have talked about.

For the long haul, I think that it depends on simply the evolution of the United States Institute of Peace, how well it does its job, how we develop the opportunities, whether we get a sense that there are very substantial challenges and opportunities, that I very much believe that there are.

I could sense the staff growing from that figure, but we would like initially at least to keep it small. I think we have already seen, in terms of what we have to do, it obviously has to be somewhat larger than we have right now.

NO CONSTRUCTION FUNDS

Mr. **Dwyer**. You mentioned the fact that under the current law, you cannot get involved in brick and mortar.

Mr. **Moore**. Correct.

Mr. **Dwyer**. Do you find that a particular encumbrance?

Mr. **Moore**. It is not an encumbrance at this stage of the work of our Institute. We have a planning committee that will be looking at long-term planning. In my judgment, the intent of Congress that was behind that was a very laudable intent, which was that we should spend our funds on the things that would have the intellectual impact rather than bricks and mortar.

Frankly speaking again, in purely an individual capacity as Chairman, without the Board having looked at this, I think that is simply one that we would want to reserve for the future as to how the Institute develops over the long run.

ADMINISTRATION AMENDMENTS

Mr. **Dwyer**. I was reading the Congressional Research Service report on the Institute, and they make mention of the Assistant Secretary of State's letter, recommending some changes in the legislation.

What is your opinion of that?

Mr. **Moore**. Yes, this is the same set of Administration amendments that, prior to the confirmation of the Board, were submitted to the Congress, and did not, however, receive a great deal of attention at that time.

All of us were asked during our confirmation process to, for the record, give an answer to that, and basically, the answer is that we had simply not as a Board had an opportunity to address any of that.

My instinct is that it is somewhat premature to be looking at, as a Board at this point, any changes in the statute itself. Looking some years ahead, there may be some kinds of things that we as a Board or Congress would like to recommend.

Those amendments are not amendments that this Board or any member of the Board has had an opportunity to participate in developing or supporting.

Mr. **Dwyer**. Thank you.

Thank you, Mr. Chairman.

Mr. **Natcher**. Dr. Moore, we want to thank you and your associate for appearing before our committee at this time in behalf of your budget request for the fiscal year 1987 for the United States Institute of Peace.

This has been a good hearing, and thank you very much.

This now concludes the regular hearings on the Departments of Labor, Health and Human Services, and Education, and Related Agencies. These hearings on the fiscal year 1987 budget request have generally been good.

We will begin on Monday at 2:00 with outside witnesses, and now the committee will stand in adjournment until Monday at 2:00.

[The following questions were submitted to be answered for the record:]

ANSWERS TO HOUSE APPROPRIATIONS SUBCOMMITTEE QUESTIONS

Mr. Natcher: You received an appropriation of $4 million in fiscal 1985 and the funds were carried over to 1986. How much of that has been obligated to date?

Mr. Moore: As of May 6, 1986, the Institute has expended funds for the work of the Board of Directors, staff, housing, and equipment. Funds will be obligated for Institute programs once the Board has determined the initial subject-matter of the Institute's focus and has established proper procedures. Decisions on both substantive and procedural matters are proceeding expeditiously and responsibly.

Mr. Natcher: Do you have a spending plan as yet for the $4 million? If so, describe it for us.

Mr. Moore: The Institute will establish its budget once the Board makes early and fundamental decisions on the Institute's program emphases.

Mr. Natcher: As soon as a spending plan is devised, would you submit a copy to the Committee?

Mr. Moore: The Institute will provide the Committee with a copy of its spending plan as soon as it is devised.

Mr. Natcher: The Board has selected Mr. Turner to be the Institute's President. Does he have a fixed term of office?

Mr. Moore: Robert F. Turner has been selected as the first President of the Institute and has agreed to serve for a term of one year.

Mr. Natcher: How many other officers will the Institute have?

Mr. Moore: The Institute's corporate structure, which will determine the precise number of officers the Institute will have in addition to the President, is still to be established.

Mr. Natcher: What is the maximum salary payable to an officer of the Institute?

Mr. Moore: Pursuant to Section 1707(a) of the United States Institute of Peace Act (hereinafter the Act), the maximum salary payable to an officer of the Institute is that set forth in Executive Level 1 in 5 USC 5332, which in Executive Order No. 12496, Dec. 28, 1984, 59 F.R. 211, established a rate of pay of $86,200 per annum.

Mr. Natcher: How many employees do you expect to have?

Mr. Moore: As of May 6, the Board set an interim staffing level of eight, in addition to up to six participants in the Jennings Randolph Program for International Peace. These numbers may increase as the Board refines its program directions and components.

Mr. Natcher: Will your employees be compensated in accordance with Federal pay schedules?

Mr. Moore: Employees will be compensated in accordance with Federal pay schedules as directed in Subsection 1707(f)(1) of the Act, with the exception of the President and other officers appointed by the Board who will be compensated at rates the Board determines not to exceed Level 1 of the Executive Schedule.

Mr. Natcher: Where do you expect to recruit your employees?

Mr. Moore: The Institute will recruit its employees from the American public as well as from Federal Government service as provided in Subsections 1707(d)(1) and (2) of the Act.

Mr. Natcher: Do you plan to make extensive use of detailed employees from Federal agencies?

Mr. Moore: The Institute will seek the very best staff and, as appropriate, will take advantage of the Act's authority in Subsections 1707(d)(1) and (2) to bring Federal employees onto staff. Our current staff includes one person on detail from the Department of State. There is, however, no intent at this point to make extensive use of such authority.

Mr. Natcher: Will you obtain administrative support from the General Services Administration?

Mr. Moore: The Institute has entered into a short-term administrative support agreement with the General Services Administration (GSA).

Because its offices are at 730 Jackson Place, the Institute has signed an agreement for certain types of additional support with the Office of Administration (OA), Executive Office of the President, which oversees the Jackson Place properties. The Institute has entered into discussions with GSA and OA to determine the most effective support arrangements for the Institute in the future.

Mr. Natcher: What are the audit requirements of your statute?

Mr. Moore: In paraphrase, Subsections 1708(g) and (h) of the Act require that there be an audit of the Institute's accounts each fiscal year by a certified or licensed public accountant using generally accepted auditing standards. The audit shall be done at the place the Institute normally keeps its accounts and all necessary data shall be made available to the auditor. All transactions and agreements for $5,000 or more must be recorded. The audit is to be provided to the President and each House of Congress no later than six months following the end of the fiscal year. The report must be printed in sufficient copies for the public.

Mr. Natcher: Section 1705 of your statute authorizes the establishment of the Jennings Randolph Program for International Peace. Can you explain how this program would work?

Mr. Moore: Subsection 1705(b)(1) of the Act authorizes the Institute to establish the Jennings Randolph Program for International Peace. The program will provide stipends and other forms of support for up to two years to individuals--whether working on a full- or part-time basis at the Institute or elsewhere--selected by the Board to pursue research, writing, and other forms of analysis and expression on subjects within the Institute's mandate and agreed to by the Board. The program as now designed will have four levels of participation: Jennings Randolph Fellow (for very senior scholars and peacemakers), Senior Fellow of the United States Institute of Peace (mid-career program), Research Associate of the United States Institute of Peace, and Fellow of the United States Institute of Peace (an internship program placing new and mid-career professionals in Federal institutions with major interests in peace such as the Arms Control and Disarmament Agency and the House Foreign Affairs Committee or in any number of non-Federal institutions whose mandates fit the purposes of the Institute).

ANSWERS TO QUESTIONS FROM REPRESENTATIVE JOHN E. PORTER

Mr. Porter: What were the main reasons for the one year delay in appointing the Institute's Board members?

Mr. Moore. We have been informed that the amount of time involved in appointing the Institute's Board members was due in large part to the time required for background investigations.

Mr. Porter: Has this delay caused any significant disruptions or problems?

Mr. Moore: The amount of time between enactment of the United States Institute of Peace Act and nomination and confirmation of the Board of Directors has not caused significant disruption or problems. It has meant that the Institute was not able to begin its operations until 1986.

Mr. Porter: When do you expect the Board to complete its organizational phase?

Mr. Moore: We expect to complete the organizational phase of the Institute by early Summer of this year.

Mr. Porter: Is the amount of funding being requested sufficient to carry out the Institute's mission? Is there now a serious commitment to making the Institute a strong and viable one?

Mr. Moore: There is a very serious commitment to making the Institute strong and viable. Whatever level of funding Congress appropriates, the Institute's Board is determined to develop an effective, cost-conscious program that implements both the letter and the spirit of the United States Institute of Peace Act.

Mr. Porter: The main purpose behind the creation of the Institute was the promotion and study of non-violent conflict resolution. Are there a sufficient number of Board members with strong backgrounds in this area?

Mr. Moore: The Board of Directors of the Institute is highly qualified to carry out its statutory responsibilities. The Directors are distinguished individuals with backgrounds in disciplines that include political science, international relations, history, international law, diplomacy, education, and theology. Each member of the Board has earned at least one advanced degree in a relevant discipline, and as a group they have earned more than 20 advanced degrees. They have published more than 50 books and numerous articles, most on subjects of direct importance to the mandate of the Institute. They have received many fellowships and honorary degrees and have served in editorial and other leadership positions in their professions. In sum, they have an admirable and hard-to-match record of achievement in both scholarship and public affairs. Their backgrounds reveal strong commitments to peace, justice, and freedom, and to the peaceful resolution of disputes among peoples and nations.

THURSDAY, APRIL 17, 1986.

UNITED STATES SOLDIERS' AND AIRMEN'S HOME

WITNESSES

LIEUTENANT GENERAL GEORGE H. McKEE, GOVERNOR

COLONEL ROBERT W. HAMPTON, DIRECTOR, ADMINISTRATION

ARTHUR J. CURRY, BUDGET OFFICER

Mr. NATCHER. We take up next the United States Soldiers' and Airmen's Home. We have before the committee at this time Lieutenant General George H. McKee, the Governor of the Home.

General McKee, it is a pleasure to have you before the committee each year. Before you give us your statement, tell us who these gentlemen are at the table with you.

General McKEE. Thank you.

With me, I have Colonel Robert Hampton, Secretary-Treasurer of the Home; and on my left, Mr. Arthur Curry, the Budget Officer.

In addition to my formal statement, I have a few additional remarks.

CAPITAL PROJECTS

Since our last appearance before the committee, we have made progress in several areas as a result of your support of our O&M and restoration programs.

Last June, we completed the air-conditioning of the Home's General Mess dining facility in the Scott Dormitory. We also re-roofed that building, and replaced the electric transformer there, which was leaking PCB.

This June, we will complete total rehabilitation of the 13 elevators in the Scott and Sheridan Dormitories; the fire alarm system has been upgraded; and the steam/hot water distribution and street lighting repairs are now under design.

We have finished the architect/engineering review for our Health Care Facility Annex. This facility will provide 200 additional beds, allowing improved care for the disabled and infirm.

The building will also house a kitchen and dining room for the Health Care Center. The detailed design of this building should start in mid-summer this year, with construction projected to begin in mid-1988. The first step will be to demolish the existing, 65-year-old dining facility.

These are the major and high priority projects, except one. Of course, we have a host of smaller projects under way, such as construction of a new food service freezer building, which is scheduled to be ready for use by mid-June.

Also, we have in progress studies to determine the extent of our asbestos problem, and replacement of the remaining electric transformers which contain PCB.

Our highest priority project at this time is renovation of the Scott Dormitory, in which some 800 members reside. The project's detailed design should be completed by this fall. At that time, the internal actions to prepare for that major renovation will start, with construction beginning in the summer of 1987.

In addition to the air-conditioning, all windows in Scott will be replaced with double glass, glazed, and energy efficient windows; a sprinkler system will be installed in each room; and much-needed additional closet space will be provided, as well as a new shared bath for each two rooms.

When completed, this project will raise the proportion of air-conditioned rooms among the Home's four dormitories from 22 to 55 percent.

Presently, thanks to the Congress, we have sufficient capital funds available to complete the Scott project. But beyond this, there will only be enough for the design of the Health Care Annex.

We will benefit greatly from your continued funding support for the rest of our much-needed improvements in living standards for our distinguished veterans. Our trust fund will be capable of providing the resources for such appropriations.

Our capital outlay budget request under the Administration's program reflected $4,500,000. We need at least this amount, plus restoration in fiscal year 1987 of the $1,241,000 for which I have requested reprogramming authority from our fiscal year 1986 capital outlay account, in order to restore sequestered money to the fiscal year 1986 O&M account.

REPROGRAMMING

If we fail to receive the reprogramming authority, it will be essential that we start scheduled furloughs for the entire Home work force next month. As you know, the Home is labor-intensive, so this sizable reduction of our man-hours will have a directly adverse impact on our operations.

This is certainly no way to have to manage the Nation's Home for its Army and Air Force veterans, but the misplaced impact of the Balanced Budget and Emergency Deficit Control Act on our nontaxpayer-supported trust fund would leave no alternative. As you know, Mr. Chairman, the Administration—OMB—concurred in our request to reprogram the funds.

So, sir, the bottom line of my request to the committee this afternoon is for $34,022,000 to support our O&M needs, and an appropriation adequate for the Home to continue our capital improvement programs.

Our total budget request now before you is about $15,000,000 below our estimated income for fiscal year 1987. Thus, the trust fund can readily finance the pending projects, if your appropriation decisions enable it to do so.

We stand by for any questions you may have. Thank you.

[The statement of General McKee follows:]

STATEMENT OF THE GOVERNOR, U. S. SOLDIERS' and AIRMEN'S HOME PRESENTING THE FY 1987 BUDGET TO THE CONGRESSIONAL SUBCOMMITTEES

PURPOSE

The purpose of this statement is to furnish information on the Home which may be of interest during the committee's consideration of the Home's fiscal year 1987 appropriation request. Included is pertinent information on the Home: its mission, administration, physical plant, financing, and members. The statement also provides a general description of the fiscal year 1987 appropriation request as compared with the fiscal year 1986 GRAMM-RUDMAN-HOLLINGS.

MISSION

The Home was established by Congress in 1851 for the relief and support of retired, invalid, or disabled soldiers of the Regular Army. Membership is a benefit for former warrant officers and enlisted personnel of the Regular Army and Air Force with the following qualifications: (1) honest and faithful service for twenty years or more as warrant officers or enlisted personnel, or (2) service-connected disabilities rendering them unable to earn a livelihood, or (3) non-service connected disabilities rendering them unable to earn a livelihood, provided they have had service during a war. These criteria are listed in this order not as priorities, but because about 88 percent of the membership is of the first group, and about 12 percent is of the disabilities groups.

ADMINISTRATION

General supervision of the Home was placed by Congress in a Board of Commissioners now composed of the Governor of the Home; The Surgeon General, U. S. Army; Comptroller of the Air Force; Deputy Chief of Staff, Manpower and Personnel, U. S. Air Force; Chief of Engineers, U. S. Army; The Adjutant

General, U. S. Army; The Judge Advocate General, U. S. Air Force; the Sergeant Major of the Army; and the Chief Master Sergeant of the Air Force. Subject to approval by the Secretary of the Army and the Secretary of the Air Force, the Board has authority to establish regulations for the internal direction of the Home. The law provides for an annual report of inspection of the Home by The Inspector General of the Army to be submitted to Congress.

PHYSICAL PLANT

The Home is situated in northwest Washington, D.C. Facilities include four domiciliary and three hospital buildings, a service area, a heating plant, a laundry, and some minor structures. The domiciliary capacity of the Home is 2,028 beds. Our hospital has a capacity of 385 beds. Throughout the years, the loss of Home lands to other activities has reduced the acreage from about 500 to the present 300. The members of the Home are grateful for the support provided by committees of Congress for retention of the Home's lands against past proposals to further reduce it.

FINANCING

The Act of 1851 provided that the Home be supported from two principal sources: (1) a monthly contribution while on active duty of twenty-five cents from each enlisted member and warrant officer of the Regular Army and later the Air Force, and, (2) fines and forfeitures imposed upon these people by sentence of courts-martial. Public Law 94-454 increased the monthly withholding to fifty cents. Public Law 96-357 amended the Act of 1851 to also include fines and forfeitures imposed upon the aforementioned people under authority of Section 815 of Title 10, U. S. C., commonly referred to as non-judicial punishment. The Act of 1883 established a Permanent Fund in the U. S. Treasury and provided for the payment of interest of 3% per annum on the fund balance. On December 15, 1973, the Act of 1883 was amended so that the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States, would set the interest rate. Under this amendment, the Home is now receiving about 7.1 percent interest on its fund balance. Public Law 94-454, in addition, authorized the collection of a fee from the members of the Home. The Permanent Fund balance on September 30, 1985 was $162 million.

MEMBERSHIP

Our male members range in age from 39 to 101, with an average age of 68. Our female members range in age from 43 to 91, with an average age of 75. There are 78 female members. The average age of the patients in the Health Care Facility is 74 years. Average total membership during the fiscal year 1985 was 2,062 including 1,946 present.

THE FY 87 BUDGET FOR OPERATION AND MAINTENANCE

The Home's fiscal year 1987 operation and maintenance appropriation allowance is $34,022,000, an amount $631,000 more than its fiscal year 1986 appropriation of $33,391,000 which includes $1,436,000 of sequestered funds in accordance with the GRAMM-RUDMAN-HOLLINGS ACT. A detailed description is included in the Home's justification booklet which has been submitted to the committee.

THE FY 87 BUDGET FOR CAPITAL OUTLAY

The Home's fiscal year 1987 capital outlay appropriation allowance is $4,485,000. Of this amount, $1,915,000 is for detailed plans and specifications necessary for renovation and construction of Home buildings. For additional financing of renovation projects $2,570,000 is requested.

CONCLUSION

The members of the Home appreciate the interest in their welfare that the committee has taken over the years.

UNITED STATES SOLDIERS' & AIRMEN'S HOME
WASHINGTON, D. C. 20317

BIOGRAPHIC DATA

George H. McKee, Lt. General, U. S. Air Force, Retired

A. Personal Data:

Born: 28 April 1923, Pickens, South Carolina
Married to: Nikki Young
Children: Two
Home Town: Lakeland, Florida

B. Education:

Military--
- Army Administration School
- Air Tactical School
- Industrial College of Armed Forces

Civilian--
- University of Omaha - B.A. Degree - Education

C. Major Permanent Duty Assignments:

	From	To
Enlisted -- Instructor, Airplane Mechanics Course, Aircraft Crew Chief, Flight Chief, Quality Control Inspector, Pilot B-17, B-29 Aircraft. Highest enlisted grade, Master Sergeant	1940	1947
Aircraft Commander, Squadron Maintenance Officer, Adjutant, Operations Officer, Commander, 49th Bomb Squadron, Hunter AFB, Ga.	1947	1955
Command Project Officer, SAC Command Control System	1955	1960
Deputy Commander, 3974th Combat Support Group, Zaragoza, Spain	1960	1961
Commander, 3974th Combat Support Group, Zaragoza Air Base, Spain	1961	1963
Deputy Commander for Maintenance, Blytheville AFB, Ark.	1964	1965
Commander, 319th Bomb Wing, Grand Forks AFB, N. D.	1965	1966
Commander, 97th Bomb Wing, Blytheville AFB, Ark.	1966	1967
Commander, 72nd Bomb Wing, Ramey AFB, Puerto Rico	1967	1968
Commander, 19th Air Division, Carswell AFB, Texas	1968	1970
Director, Maintenance & Engineering, Headquarters USAF	1970	1972
Chief of Staff, Strategic Air Command	1972	1973
Commander, Eighth Air Force, Guam	1973	1974
Commander, Air Training Command	1974	1975
Retired from active military service, over 34 years	--	1975
Presidential appointment as Governor, United States Soldiers' and Airmen's Home	1 November	1978

D. Decorations and Service Awards:

Distinguished Service Medal (with 2 Oak Leaf Clusters)
Legion of Merit (with Oak Leaf Cluster)
Distinguished Flying Cross
Air Medal (with 4 Oak Leaf Clusters)
Good Conduct Medal
European/African/Middle Eastern Campaign Medal (with 4 Service Stars)
Vietnam Service Medal (with Silver Star)
Air Force Outstanding Unit Award Ribbon
Legion of Merit from Spain
Outstanding Civilian Service Medal, Department of the Army (1983)

Mr. NATCHER. How long have you been the Governor of the Home, General?

General McKEE. Eight years on 1 November, Mr. Chairman.

SIGNIFICANT ACCOMPLISHMENTS

Mr. NATCHER. What would you say would be one or two of the most significant improvements at the Home during that time?

General McKEE. The most significant thing I was able to do was get the fines and forfeitures returned to the trust fund. This gave us an additional $22,000,000 a year in income. We started on improvements that were deferred at the Home for the 10 years prior to my getting there.

That was the most important accomplishment. Some other significant things have been done for the members at the Home. We have converted our dining hall to a cafeteria type eating facility.

We have converted 310 double rooms to 620 single rooms, so everyone living there now can have a single room.

We have constructed an all-weather passageway to allow the members to go between the two largest dormitories in inclement weather. We have done several things that we are quite pleased with. We have been able to do these through your support.

Mr. NATCHER. Thank you, General.

Mr. Conte, I yield to you.

OPERATIONS AND MAINTENANCE

Mr. CONTE. General, it is good to see you again. I think you know by now that the good Chairman, myself, and the Members of this Subcommittee do our best to look out for your best interests. You are our one piece of the Defense budget, General, in this Subcommittee, and we take our marching orders straight from you.

But I guess the big increase for the Pentagon didn't quite filter through to the Home. You are only showing a slight increase for operations and maintenance, nothing like the 8 percent or more they are getting across the river.

How would you characterize your O&M request for 1987? Does it bring you back to a level comparable to where we originally set you in 1986, before Gramm-Rudman, or will inflation hold you under a bit?

General McKEE. The number of dollars we are asking for the 1987 budget is adequate to meet our 1987 budget needs. That is in the O&M area, sir.

Mr. CONTE. What is a current services budget in 1987 based on? What this committee originally provided in 1986?

Mr. CURRY. Yes, Mr. Conte. What they allowed was 4.1 percent for inflation.

GRAMM-RUDMAN CUT

Mr. CONTE. The Chairman has already gone into most of the problems you are experiencing because of Gramm-Rudman. Can you tell me how it is going to affect positions at the health care facility?

General McKee. At the present time, we are planning to comply with the Gramm-Rudman reductions, Mr. Conte, through reducing some of our supply inventories, some of the equipment that we had planned to buy for 1986, plus as I said earlier, it will be necessary that we furlough our work force, and that means each person will have to take nine furlough days between now and the end of the fiscal year.

Mr. Conte. One furlough day?

General McKee. Nine, sir.

Mr. Conte. Sorry to hear that, that is quite a hit.

General McKee. With that being a labor-intensive area, in the health care facility as well as the rest of the Home, that will have quite an impact on the support we provide the members.

Mr. Conte. It sure is. Will you be able to keep the facility fully staffed under your 1987 budget?

General McKee. Yes, sir, under the 1987 budget.

RENOVATION PLAN

Mr. Conte. When was the 10-year facility renovation plan last updated?

General McKee. We updated that plan last year. After reevaluation of our priorities, we determined it would be best for the membership to do certain facilities before others.

Once again, the priority for restoration is to update, upgrade the Scott Dormitory with air-conditioning, and build a new 200-bed HCF annex.

Mr. Conte. What is the total cost of the plan?

General McKee. Approximately $142,000,000, according to my estimate. The figures we worked out with OMB, 1981 constant dollars, about $100,000,000. When you add inflation the cost goes up.

Mr. Conte. How much do you need in 1987 just to stay within the framework of the 10-year plan?

General McKee. About $16,241,000.

LINCOLN SUMMER WHITE HOUSE

Mr. Conte. The plans to restore the Lincoln Summer White House, what is the status of those plans?

General McKee. At the present time, I have had to put that on hold because of the other priority considerations.

Mr. Conte. Has it been decided who would fund this restoration project?

General McKee. It has not been decided. We are hoping to get some other agency to share the cost of restoring that facility.

Mr. Conte. What is the estimation of that cost?

General McKee. Around $300,000 to restore the building.

REVOLVING FUND

Mr. Conte. In the formal budget document submitted by OMB, in the appendix, there is a listing for a revolving fund. What is that used for, and how is it replenished? Get that for the record.

General McKee. Yes, sir.

[The information follows:]

The revolving fund finances inventories of supplies and equipment. As items are requisitioned from the revolving fund the fund is reimbursed from the current year operations and maintenance account.

GRAMM-RUDMAN CUT

Mr. NATCHER. General, last month, you sent a letter requesting that $1,241,000 be transferred from capital outlay to operations and maintenance to alleviate the effect of the Gramm-Rudman cut.

How did you reach the amount now, General, of $1,241,000?

General McKEE. Total amount we were required to reduce was $1,436,000. We scrubbed our accounts, we reduced our inventories down to minimum levels. That is as far as we can go. We are going to have to furlough the work force if we don't get the money reprogrammed from capital outlay into the O&M account.

TRANSFER OF FUNDS

Mr. NATCHER. Does the Office of Management and Budget approve of this transfer of funds?

General McKEE. Yes, sir, they concurred in our action. We coordinated this request with them prior to sending the letter to you, sir.

Mr. NATCHER. From which project will you take the capital outlay sequestered amount of $645,000?

General McKEE. As I said earlier, Mr. Chairman, we have our two major projects going on out there. The Scott Dormitory renovation and the Health Care Annex construction design. We have enough capital outlay dollars to cover those.

Mr. NATCHER. Would you consider your transfer proposal to be an urgent matter with respect to the timing, General?

General McKEE. It is very urgent. If we don't get some immediate response, some indication you will be able to approve this for us, it will be necessary to start our furlough actions in the month of May.

I should have started in March, but I have delayed it until after the hearing, to try to get an indication of what our chances would be.

Mr. NATCHER. For the record, submit an object class breakdown of the $1,241,000. How much of your 1986 Gramm-Rudman reduction was restored in your 1987 request?

General McKEE. All of it was restored.

[The information follows:]

Object class:	*Amount (thousands)*
11	$624
12	96
25	139
26	161
31	221
Total	1,241

OPERATIONS AND MAINTENANCE

Mr. NATCHER. You are requesting $34,022,000 in 1987 for operation and maintenance. How much of an increase is this? Will this amount be fully adequate for the Home in 1987?

Mr. CURRY. A true increase of $631,000, of which $230,000 is associated with inflation, and $401,000 associated with pay-related items. We have within grades, some normal career ladder promotions.

INFLATION

Mr. NATCHER. What rate of inflation have you assumed for supplies, maintenance, and so forth?

Mr. CURRY. We wanted about 6 percent. The OMB gave us 4 percent. However, we couldn't apply it that way. We ended up getting just 2 percent, because they would not finance our pay-related items.

People get within grades, we have to pay them, sir.

CAPITAL OUTLAY FUNDS

Mr. NATCHER. You are requesting $4,485,000 for capital outlay in 1987. How does that compare with 1986?

General MCKEE. In 1986, we received $15,000,000, Mr. Chairman, and our request was for the same amount.

Mr. NATCHER. How would you use the funds, General?

General MCKEE. On our restoration program, updating the facilities, replacing the transformers, clearing up the asbestos problems, Mr. Chairman.

Mr. NATCHER. What amount is needed to keep the Home on track for its 10-year renovation plan?

General MCKEE. We would require $16,241,000 to keep us on track for the restoration plan.

Mr. NATCHER. How much money is currently unobligated in the account?

General MCKEE. Approximately $21,000,000 unobligated at this time.

Mr. NATCHER. Is it all designated for specific projects?

General MCKEE. Scott Dormitory renovation, and the intermediate care facility design.

NEW FACILITIES

Mr. NATCHER. What is the current timetable for the new intermediate care facility and dining hall?

General MCKEE. We have just completed the review of the A&E work, and are advertising in the process for the design work. By summer of 1988, we expect to start construction on the facility provided we get the dollars to proceed.

Mr. NATCHER. General McKee, we want to thank you and your associates for appearing before our committee at this time on behalf of your budget request for fiscal year 1987. Every consideration will be given to your request. I want to say to you on the record, General McKee, since you have been the Governor of the United States Soldiers' and Airmen's Home, you have always performed in an excellent manner, and you have carried out your assignment in a very excellent way. You are fortunate to have with you your associates, they all do a good job.

General, as you have heard me say more times than one, I am very much interested in what takes place out there. I know where the money came from that bought the land.

Thank you very much. We appreciate it.

General McKEE. We appreciate your comments and, most of all, your committee's support, Mr. Chairman.

Mr. NATCHER. The committee will adjourn until 10:00 tomorrow morning.

[The following questions were submitted to be answered for the record:]

Plans for the Home

Mr. NATCHER. When you look ahead 5 or 10 years, what kind of plans do you have in mind for the Home?

General McKEE. With the completion of our restoration program the Home will be a much better facility. Dormitories that have larger air-conditioned living space, semiprivate baths, with modern electrical and fire detection systems, will be augmented by a modern two hundred bed intermediate care annex. The Home will have the capability to provide quality care for its distinguished membership.

Mr. NATCHER. Do you envision a significant expansion of the membership in that span of time?

General McKEE. No. However, when the Home does reach its capacity, other sites would be considered for regional homes.

Board of Commissioners

Mr. NATCHER. Who serves on the Home's Board of Commissioners?

General McKEE. The Board's membership is comprised of the Surgeon General, U. S. Army; the Chief of Engineers, U. S. Army; the Commander, U. S. Army Community and Family Support Center; the Sergeant Major of the Army; the Deputy Chief of Staff, Personnel, U. S. Air Force; the Comptroller, U. S. Air Force; the Judge Advocate General, U. S. Air Force; the Chief Master Sergeant of the Air Force; and the Governor of the Home.

Mr. NATCHER. What does the Board actually do?

General McKEE. Pursuant to Title 24, U. S. Code, the Board serves the Secretary of the Army and the Secretary of the Air Force by independent supervision of the policies, operations, and financial affairs of the Home and its trust fund. It establishes regulations for the general and internal direction of the Home; reviews Home plans, programs, and budget requests for submittal to higher authority; selects candidates for appointment as Home officers; controls and monitors the admission of Home members; reviews and acts upon Home's responses to annual inspection findings by The Inspector General; audits and examines the Home Treasurer's accounts quarterly; inspects the Home at least monthly; and submits annually a report of Home financial and other managerial affairs.

Mr. NATCHER. How often does the Board meet?

General McKEE. The Board has four regular scheduled meetings per year, shortly after the close of each fiscal quarter, and one special annual meeting for budget request review and consideration.

Home Employees

Mr. NATCHER. How many employees are now onboard?

General McKEE. As of 26 April 1986, Home employees numbered 1041.

Mr. NATCHER. How many of those are Home members?

General McKEE. Member employees were 209.

Mr. NATCHER. How much do you pay your member employees?

General McKEE. The average member employee earned $10,500 a year.

Mr. NATCHER. How many Wage Board employees do you have?

General McKEE. Wage Board employees were 311.

Mr. NATCHER. Did the Wage Board employees receive an across-the-board percentage pay increase in fiscal 1986?

General McKEE. Wage Board employees did not receive a pay raise in fiscal year 1986.

Mr. NATCHER. How many of your employees are assigned to the health care facility?

General McKEE. The King Health Center had 512 employees.

Mr. NATCHER. Do you feel that the number is adequate?

General McKEE. Yes, for the present time. Additional employees will be required in increments upon completion of the new intermediate care facility, as its patient census increases.

Permanent Fund

Mr. NATCHER. What is the current balance of your permanent fund?

General McKEE. As of 31 March 1986 the interest computation balance of the Home's trust fund was $187,000,000.

Mr. NATCHER. What was the income amount in 1985?

General McKEE. Home income in FY 1985 was $52,138,000.

Mr. NATCHER. What interest rate are you currently receiving?

General McKEE. We are receiving several different rates of interest ranging from 11.125% to 6.35%. The weighted average yield is 9.58%.

Mr. NATCHER. In last year's hearing record (Page 979), you estimated the fund balance at $177,845,000 at the end of 1985; the actual figure was evidently $161,579,000, a reduction of $16,266,000. What accounts for the reduction?

General McKEE. The difference is the greater amount was the unexpended balance, while the lesser was the unappropriated balance of the trust fund.

Elevator Repairs

Mr. NATCHER. What is the status of the elevator repair project?

General McKEE. Complete rehabilitation of the 13 elevators in the Scott and Sheridan Dormitories will be completed this June.

Asbestos Problem

Mr. NATCHER. Do you have a significant asbestos problem at the Home, and, if so, do you have plans to correct it?

General McKEE. Currently, we have in progress a survey to determine the extent of our asbestos problem. The study will also recommend corrective actions.

Equipment

Mr. NATCHER. What equipment purchases did the Home make in 1985 totalling $1.5 million?

General McKEE. During fiscal year 1985 $.51 million was obligated to acquire needed equipment for the King Health Center. That included hospital beds, mattresses, patient wardrobes, a dishwasher, an X-ray machine, and other medical equipment.

Equipment for Member Services totalled $.47 million. That included items for handicraft shops, library, and Personal Development Program. Furniture and mattresses were also procured.

Equipment in support of physical plant maintenance and repair operations totalled $.43 million.

The remainder was used to acquire items in support of the management and administration of the Home.

UNITED STATES SOLDIERS' AND AIRMEN'S HOME

FISCAL YEAR 1987 BUDGET

CONGRESSIONAL SUBMISSION

JUSTIFICATION OF ESTIMATES FOR THE U. S. SOLDIERS' AND AIRMEN'S HOME, FY 1987

Operation and maintenance: For operation and maintenance of the United States Soldiers' and Airmen's Home, to be paid from the Soldiers' and Airmen's Home permanent fund, $34,022,000. Provided, That this appropriation shall not be available for the payment of hospitalization of members of the Home in the United States Army Hospitals at rates in excess of those prescribed by the Secretary of the Army, upon the recommendation of the Board of Commissioners of the Home and The Surgeon General of the Army.

Capital outlay: For construction and renovation of the physical plant, to be paid from the Soldiers' and Airmen's Home permanent fund, $4,485,000, to remain available until expended.

24 U.S.C. 41-60; 31 U.S.C. 1321 (a) (59), (81): (Public Law 99-178, Department of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1986)

	1985 actual	1986 estimate	1986 G-R-H estimate	1987 estimate
MEMBERSHIP:				
Domiciliary	1,710	1,730	1,730	1,730
Hospital	352	370	370	370
TOTAL	2,062	2,100	2,100	2,100
EMPLOYMENT:				
Full-time permanent (POS/FTE)	953	953	923	953
Other than permanent (FTE)	62	79	76	79
TOTAL	1,015	1,032	999	1,032

STANDARD CLASSIFICATION SCHEDULE FOR OBLIGATIONS ($000)

	1985 actual	1986 estimate	1986 G-R-H estimates	1987 estimate	1987 estimate + or - 1986 G-R-H estimate
Operation and maintenance:					
11 Personnel compensation	20,356	21,416	20,792	21,668	876+
12 Personnel benefits	2,774	2,921	2,825	3,070	245+
13 Benefits for former personnel	63	46	46	46	0
21 Travel and transportation of persons	5	10	5	10	5+
22 Transportation of things	6	3	2	3	1+
23 Communications, utilities, and other rent	1,240	1,102	1,102	1,148	46+
24 Printing and reproduction	24	30	25	30	5+
25 Other services	2,298	2,665	2,416	2,689	273+
26 Supplies and materials	5,115	5,094	4,853	5,254	401+
31 Equipment	1,516	248	27	248	221+
32 Lands and structures	0	0	0	0	0
42 Insurance claims and indemnities	5	0	0	0	0
Total obligations	33,402	33,535	32,093	34,166	2,073+
Quarters, subsistence and laundry collections	-130	-144	-138	-144	-6
Budget authority	33,272	33,391	31,955	34,022	2,067+
Member cost:					
Average number of members	2,062	2,100	2,100	2,100	---
Average cost per member (In $1's)	$16,136	$15,900	$15,217	$16,201	$984+

STANDARD CLASSIFICATION SCHEDULED FOR OBLIGATIONS ($000)

	1985 actual	1986 estimate	1986 G-R-H estimate	1987 estimate	1987 estimate + or - 1986 G-R-H estimate
Capital outlay:					
25 Other services	---	1,362	1,362	1,915	553+
32 Lands and structures	1,667	13,638	12,993	2,570	10,423-
Budget authority	1,667	15,000	14,355	4,485	9,870-

EXPLANATION OF $2,067 INCREASE IN OPERATION AND MAINTENANCE ($000)

11 Personnel compensation ($876+):

$624+ Furlough and lapse restored in FY 87. Reduction was a result of Gramm-Rudman-Hollings (G-R-H).

29+ Career ladder promotions.

223+ Within grades.

12 Personnel benefits ($245+):

$ 96+ Furlough and lapse restored in FY 87. Reduction was a result of G-R-H.

119+ Increase in employee compensation refund to Department of Labor.

4+ Career ladder promotions.

26+ Within grades.

21 Travel and transportation of persons ($5+):

$ 5+ Increase in travel for Home personnel due to elimination in FY 86 by the G-R-H.

22 Transportation of things ($1):

$ 1+ Increase of freight charges due to reduction by G-R-H.

23 Communications, utilities and other rent (46+):

$ 46+ Increase electricity for air-conditioning.

24 Printing and reproduction ($5+):

$ 5+ Increase. Reduction by G-R-H.

25 Other services ($273+):

$ 7+ Position Vacancy Ads. Reduction was a result of G-R-H.

35+ Training was eliminated in FY 86 due to G-R-H.

24+ Anticipated inflation in maintenance, repair, and operational contracts.

207+ Maintenance, repair, and operational contracts delayed by G-R-H.

26 Supplies and materials ($401+):

$160+ Inflation is expected to increase the cost of food, fuel oil, and supplies for the Member Services, Health Care Services and Logistics.

241+ Purchasing delayed by G-R-H.

31 Equipment ($221+):

$221+ Equipment program eliminated in FY 86 by G-R-H.

Quarters, subsistence and laundry collections ($6-):

$ 6- Reduction imposed by G-R-H.

EXPLANATION OF $9,870 DECREASE IN CAPITAL OUTLAY ($000)

25 Other services ($553+):

$ 1,915+	Detailed plans and specifications for Home buildings.
1,362-	Detailed plans and specifications for Home buildings.

32 Lands and structures ($10,423-):

$ 513-	Second installment of street lighting, and steam and hot water lines renovation projects.
2,125-	Second installment of health care dining/intermediate care facility project.
*10,355-	First installment of air conditioning and renovate latrines in the Scott Building.
415+	Third installment of street lighting system.
500+	Conversion of heating plant from oil to gas and to replace two of six boilers.
400+	Second installment of air conditioning and renovate latrines in Scott Building.
1,255+	Third installment of health care dining/intermediate care facility project.

*An additional $645 was reduced by G-R-H.

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